

**CITY OF SOUTH HAVEN, MICHIGAN  
VAN BUREN COUNTY**

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**

**FOR THE YEAR ENDED JUNE 30, 2004**

**Prepared by: Finance Department**

**AUDITING PROCEDURES REPORT**

Issued under P.A. 2 of 1968, as amended. Filing is mandatory.

Local Government Type <input checked="" type="checkbox"/> City <input type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name CITY OF SOUTH HAVEN	County VAN BUREN
Audit Date JUNE 30, 2004	Opinion Date AUGUST 26, 2004	Date Accountant Report Submitted to State: NOVEMBER 16, 2004	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.

2. We are certified public accountants registered to practice in Michigan.

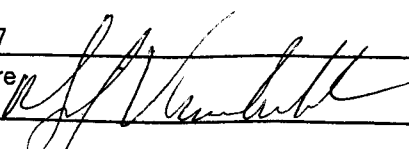
We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

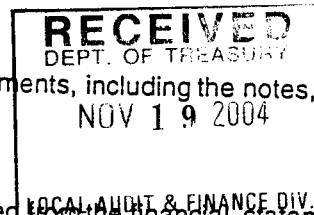
You must check the applicable box for each item below.

- ☐ yes ☒ no 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☒ yes ☐ no 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☒ yes ☐ no 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ yes ☒ no 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ yes ☒ no 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ yes ☒ no 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ yes ☒ no 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ yes ☒ no 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ yes ☒ no 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

**We have enclosed the following:**

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.			X
Reports on individual federal financial assistance programs (program audits).			X
Single Audit Reports (ASLGU).	X		

Certified Public Accountant (Firm Name) REHMANN ROBSON			
Street Address PO BOX 6547	City GRAND RAPIDS	State MI	ZIP 49516-6547
Accountant Signature 			



# CITY OF SOUTH HAVEN

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# City of South Haven

City Hall • 539 Phoenix Street • South Haven, Michigan 49090-1499  
Telephone (269) 637-0700 • FAX (269) 637-5319

August 26, 2004

Dale Lewis, Mayor  
Members of City Council  
City of South Haven, Michigan

The comprehensive annual financial report of the City of South Haven for the fiscal year ended June 30, 2004, is hereby submitted. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the City. To the best of our knowledge and belief the enclosed data are accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations of the various funds of the City of South Haven. All disclosures necessary to enable the reader to gain an understanding of the City financial activities have been included.

The comprehensive annual financial report is presented in three sections: introductory, financial, and statistical. The introductory section includes this transmittal letter, management discussion and analysis, the City organizational chart and a list of principal officials. The financial section includes the financial statements and the combining and individual fund financial statements and schedules, supplementary information, as well as the independent auditors' report on the financial statements and schedules. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The comprehensive annual financial report complies with the reporting requirements of GASB 34.

The report includes all funds of the City of South Haven. The City provides a wide range of municipal services which include police protection; electric, water and wastewater services; the construction and maintenance of highways, streets, and other infrastructure; seasonal and transient marinas, boat launch and other recreation activities and cultural events. In addition to general City activities, the Building Authority is included in the reporting entity as a blended component unit. Component units are reported in a separate column in the financial statements to emphasize that they are legally separate from the primary government and to differentiate their financial position and results of operations. The Downtown Development Authority, three Local Development Finance Authority Districts and a Brownfield Redevelopment Authority are reported as separately presented component units. On January 1, 1996 the City of South Haven entered into a joint venture with the Townships of Casco, Geneva, and South Haven to provide fire protection and emergency medical services. The South Haven Area Emergency Services Authority (SHAES) is a separate legal entity and prepares separate audited financial statements.





The City also collects tax revenues that are used to assist the operations of the South Haven Memorial Library, the South Haven Community Hospital and the South Haven Senior Services, all separate legal entities.

### **Government Structure, Local Economic Condition and Outlook**

The City of South Haven was incorporated as a Village in 1869 and as a City in 1902. The City is located in the southwest area of the State of Michigan where the Black River flows into Lake Michigan. The City of South Haven covers a land area of 3.5 square miles. With a 2000 Census population of 5,021, The City increases to over 15,000 during the summer boating and recreational season. In addition, the City provides electric, water and wastewater services in an area exceeding 60 square miles.

The City operates under the council-manager form of government. Policy making and legislative authority are vested in the City Council, which consists of a mayor and a six-member council. The City Council is responsible, among other things, for passing ordinances, adopting the budget, appointing committees and hiring the City Manager. The City Manager is responsible for carrying out the policies and ordinances of the City Council, for overseeing the day-to-day operations of the City, and for appointing the heads of City departments. The City is divided into three wards of which two members are elected from each ward to four-year staggered terms. Three Council members are elected every two years on a non-partisan basis. The mayor is elected to a two-year term.

The State Equalized Value of real and personal property in the City has increased from \$151,936,963 in 1995 to \$344,582,000 in 2003 (fiscal year 2004). This growth trend is continuing. State Equalized Value for the year beginning July 1, 2004 has increased to \$394,889,900. Downtown Retail District storefronts have less than a 2% vacancy rate. The area unemployment rate in June of 2004 was 6.6 percent compared to a State of Michigan unemployment rate of 6.8 percent.

The City has three business/industrial parks where new businesses continue to develop and existing businesses continue to expand. The I-196 Business Park continues to attract new enterprises. Renal Care, a kidney dialysis facility, is nearing completion in the I-196 Business Park. Comfort Suites completed a 61-unit motel in July of 2004.

Residential development and investment remains strong. The Sherman Hills project was approved as a Brownfield. The plan calls for the construction 150 residential condominium units. Environmental cleanup of the former National Motors site is complete and residential redevelopment plans have been approved for 240 units.

Mariner's Cove, a 31-unit condo development along the Black River, will be completed in fiscal 2005. Watertown Condos, a 20-unit development will be completed in the fall of 2004. North Haven Townhouses with 22 single-family townhouse units will be completed in fiscal 2005. The former Wolohan Lumber Building is being renovated to create restaurant and retail space. Café Julia, a Delicatessen/Bakery/Coffee shop with a conference room located on site will open in FY 2005.

The City of South Haven is enjoying an expanding profile as a national and international tourist destination and a place where visitors from major metropolitan areas continue to aggressively pursue the purchase of second homes. The City was featured in a *Wall Street Journal* article as one of the top places in the United States to purchase a second home.

There are six area and regional commercial bank branches and thrift institutions within the City that serve the banking needs of the City and its residents and visitors.

Interstate 196 traverses the City with connections north and east to Grand Rapids and Lansing and south to Interstate 94. State highway M-43 connects South Haven to Kalamazoo area markets and the campus of Western Michigan University.

Lake Michigan Community College has a campus in South Haven and has partnered with Western Michigan University to offer classes in South Haven.

### **Major Initiatives**

For the Year. In the 2003-2004 operating budget, the City established the areas of Public Works Infrastructure; Economic Development; Technology; Public Safety; Intergovernmental Relations and Parks and Recreation as priorities. These areas were addressed through attention to:

- Public Works Infrastructure – The City undertook major upgrades of the sanitary sewers, storm sewers and streets in the St. Joseph Street area and the Ravines.
- Economic Development - In fiscal 2004 the City marketed the I-196 Business Park, along with vacant buildings in the community. A local campus for Lake Michigan Community College opened for classes in the fall of 2003. The campus is located in the I-196 Business Park. The City of South Haven continued marketing the former public works property located along the Black River. Marketing efforts continued for the 38,000 sq. foot former Bohn property located in the downtown area and owned by the City. A Brownfield Plan was approved for the Sherman Hills project. The plan calls for the construction of 150 residential units.
- Public Safety - A substantial commitment of resources was directed to the support of public safety in fiscal 2004. The Police Department and Dispatch Services constituted \$1,778,320 of the General Fund budget during the year. Payment to the South Haven Area Emergency Services Authority (SHAES) for fire and emergency services totaled \$618,832 from the General Fund. In total, over 51 percent of the General Fund operating budget was devoted to police and fire protection. In addition, expenditures from the separate Narcotics Fund were in excess of \$162,000. The Narcotics Fund financed the South Haven Police Department continued participation in the Southwest Enforcement Team (S.W.E.T.)
- Intergovernmental Relations - The City has continued to work with the Townships of Casco, South Haven and Covert to provide water and/or sewer services to the areas surrounding the City of South Haven. These expansions have been steady and ongoing since the City entered into an intergovernmental agreement for services in 1995. Negotiations were completed in

fiscal 2001 for a five-year renewal (options to renew up to 25 years) of the South Haven Area Emergency Services Authority (SHAES) agreement. This agreement provides fire and emergency services for the City of South Haven and the Townships of Geneva, South Haven and Casco.

- Parks and Recreation – A \$1.2 million upgrade was completed to the Northside Marina in FY 2004. Grant funds were used to pay for one half of the project. The City owned ice rink was placed in service FY 2004. Major improvements to the docks and seawalls at Black River Park were completed in FY 2004.
- Technology Improvements - The City of South Haven improved its website to increase in usability and interactivity. Assessing, agendas, minutes and other City records are now accessible via the Internet.

For the Future. The 2004-2005 operating budget places emphasis on Infrastructure Improvements, Capital Projects, Economic Development, Technology Improvements and Recreation.

- Infrastructure Improvements - The City will be using the City's Street millage and County Road millage to pay for extensive street improvements. The city-owned parking lot on Huron Street will be renovated in FY 2005. DDA funds will be used to pay for the project. Plans have been completed for road and utility improvements to Quaker Street as well as the Ravines phase #3 cured-in-place-pipe sewer rehabilitation project. The reconstruction of Baseline Road is expected to begin in FY 2005.
- Capital Projects - The City will move forward on the redevelopment of City owned land along the Black River that was previously used by the Public Works Department. This riverfront property lies within the City's DDA District. It is anticipated that this entire process will take several years.
- Economic Development - The City of South Haven Brownfield Redevelopment Authority is expected to continue working with three property owners on various grants and tax increment financing proposals in order that brownfield sites can become productive. Those sites include the Belgravia Building, a residential condominium project, and two industrial projects - Wyckoff and Michigan Aluminum Alloys. The City of South Haven and the DDA will market the former Bohn property to provide additional development in the Downtown.
- Technology Improvements - The City will be upgrading equipment to improve the broadcast quality of meetings on the local public access cable channel.
- Recreation - The ice rink, a portable structure, will be set up in a new location in the Huron Street Parking lot in FY 2005. The City will also work to help develop a regional recreation center to be located in Casco Township.

## Financial Information

Management of the City of South Haven is responsible for establishing and maintaining internal control designed to ensure that the assets of the City are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

Single Audit. As a recipient of federal and state financial assistance, the City of South Haven is also responsible for ensuring that adequate internal control is in place to ensure and document compliance with applicable laws and regulations related to these programs. This internal control is subject to periodic evaluation by management staff of the City. The City was subject to a Single Audit for the fiscal year ended June 30, 2004.

Budgetary Controls. The City maintains budgetary controls. The objective of these controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the City Council. Activities of the General Fund, Special Revenue Funds and Debt Service Funds are included in the annual appropriated budget. The level of budgetary control (i.e., the level at which expenditures cannot legally exceed the appropriated amount) is at the activity level. As demonstrated by the statements and schedules included in the financial section of this report, the government continues to meet its responsibility for sound financial management.

Debt Administration. The ratio of net general obligation debt to State Equalized Valuation and the amount of bonded debt per capita are useful indicators of City debt position to municipal management, citizens and investors. Data for fiscal year 2003-2004 and the previous four fiscal years are as follows:

JUNE 30,	NET GENERAL OBLIGATION BONDED DEBT	RATIO OF NET BONDED DEBT TO STATE EQUALIZED VALUE (50% OF MARKET VALUE)	NET BONDED DEBT PER CAPITA (2000 CENSUS)
2004	\$10,155,000	2.94%	\$2,015
2003	10,570,000	3.35	2,098
2002	5,140,000	1.83	1,017
2001	1,725,000	0.65	325
2000	2,000,000	0.83	338

Tax supported debt remains well under 10 percent of SEV, which is a often a benchmark used by credit rating agencies.

In October of 2001, Standard and Poor's gave the City of South Haven's General Obligation Debt an A- rating.

In December of 2002, Standard and Poor's and Fitch Ratings gave the City of South Haven's General Obligation Debt an A rating.

The Rating Committee of Moody's Investors Services reviewed and assigned an A3 rating for the City of South Haven Electric Utility System Revenue bonds in December 1999.

Based on a 2003 State Equalized Value (SEV) of \$344,582,000, the legal debt margin of the City for special assessment bonds exceeds \$41,000,000 and for general obligation bonds the legal debt margin is over \$20,000,000.

Cash Management. Cash temporarily idle during the year was invested in bank demand deposits, certificates of deposit, commercial paper, obligations of the U.S. Treasury, and U.S. Government agencies as permitted by State law and City policy. The maturities of investments generally range from 3 months to 5 years. The average yield on investments for the year was 2.02 percent, compared to 2.22 percent in fiscal year 2003. Investment income was \$323,335 for the year.

Risk Management. As of June 30, 2004, the City of South Haven participated in two public entity risk pools. The Michigan Municipal Risk Management Authority pool provided insurance coverage for liability, auto, crime, and property damage risks. The Michigan Municipal Liability and Property Pool provided coverage for workers' compensation.

### **Other Information**

Independent Audit. State statutes require an annual audit by independent certified public accountants. The accounting firm of Rehmann Robson was selected by the City of South Haven to perform the June 30, 2004 audit. The auditors' report on the financial statements and combining and individual funds statements and schedules is included in the financial section of this report.

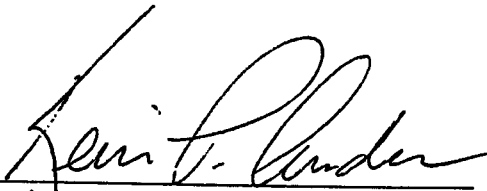
Awards. The Governmental Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its comprehensive annual financial report for the fiscal year ended June 30, 2003. This is the fifth consecutive year the City received this award. In order to be awarded a Certificate of Achievement, the City of South Haven published an easily readable and efficiently organized comprehensive annual financial report. This report satisfied both generally accepted accounting principles and applicable legal requirements.

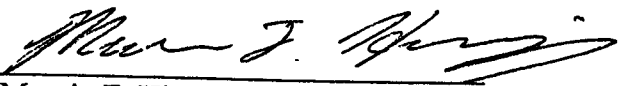
A Certificate of Achievement is valid for a period of one year only. We believe that the current comprehensive annual financial report continues to meet the Certificate of Achievement program requirements and will submit it to the GFOA to determine eligibility for another certificate.

Achievement program requirements and will submit it to the GFOA to determine eligibility for another certificate.

Acknowledgements. The preparation of these statements could not have been accomplished without the efficient and dedicated services of the entire staff of the City of South Haven. Credit should also be given to the South Haven City Council for their interest and support in planning and conducting the operations of the City of South Haven in a responsible and progressive manner.

Sincerely,

  
Kevin P. Anderson, City Manager

  
Marvin F. Hinga, Finance Director

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of South Haven,  
Michigan

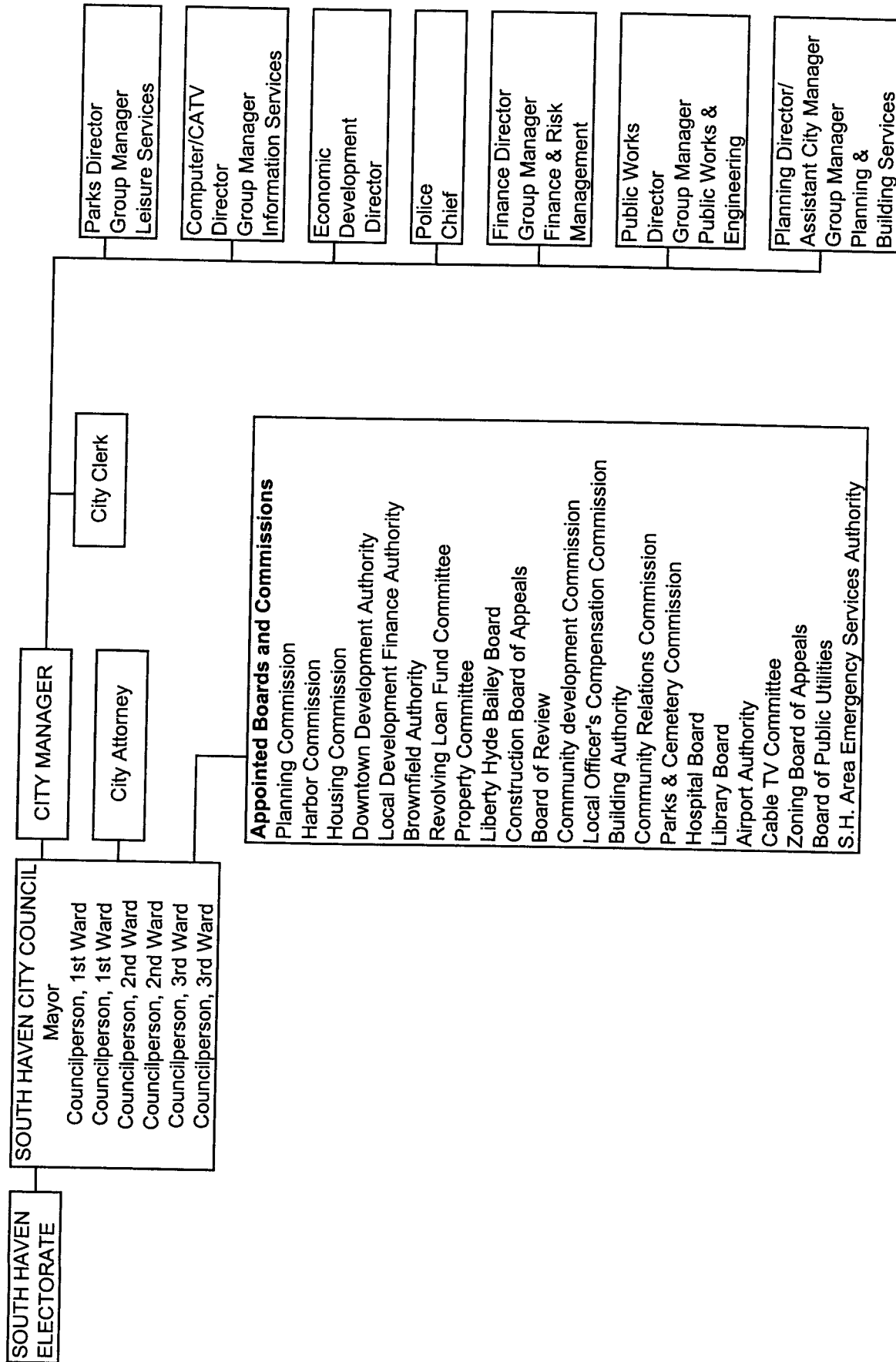
For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2003

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



President

Executive Director





City of South Haven, Michigan

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COMPREHENSIVE ANNUAL  
FINANCIAL REPORT

For the Fiscal Year Ended  
June 30, 2004

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City Officials at June 30, 2004

**Dale Lewis**  
Mayor

**Larry King**  
Mayor Pro-Tem

**William Bradley**  
Councilmember

**Janet Fahs**  
Councilmember

**Scott Smith**  
Councilmember

**Timothy Stegeman**  
Councilmember

**Orley Vaughan**  
Councilmember

**Kevin P. Anderson**  
City Manager

Prepared by  
City of South Haven  
Finance Department



# REHMANN ROBSON

*Certified Public Accountants*

A member of THE REHMANN GROUP

An Independent Member of Baker Tilly International

## INDEPENDENT AUDITORS' REPORT

August 26, 2004

Honorable Mayor and Members of  
the City Council  
City of South Haven, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of South Haven, Michigan, as of and for the year ended June 30, 2004, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the management of the City of South Haven, Michigan. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of South Haven, Michigan as of June 30, 2004, and the respective changes in financial position and cash flows, where applicable, thereof and the budgetary comparison for the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated August 26, 2004, on our consideration of the City of South Haven's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*, and should be read in conjunction with this report in considering the results of our audit.

The Management's Discussion and Analysis on pages 3-11 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of South Haven's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules, and statistical tables are presented for purposes of additional analysis and are not a required part of the City of South Haven's basic financial statements. The combining and individual nonmajor fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of basic financial statements and, in our opinion, are fairly presented, in all material respects, in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

*Rehmann Lohorn*

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

## Management's Discussion and Analysis

As management of the City of South Haven, we offer readers of the City of South Haven financial statements this narrative overview and analysis of the financial activities of the City of South Haven for the fiscal year ended June 30, 2004. We encourage readers to consider the information presented here in conjunction with additional information that is furnished in our transmittal letter, the financial statements and notes to the financial statements.

### Financial Highlights

- The City received a grant for \$700,000 from the economic development corporation.
- The North Shore Marina was remodeled and updated.
- Major reconstruction on St. Joseph Street.
- Began the ravine sewer and water improvement projects.

### Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City of South Haven financial statements. The City of South Haven basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**Government-wide financial statements.** The *government-wide financial statements* are designed to provide readers with a broad overview of the City of South Haven finances, in a manner similar to a private-sector business.

The *statement of net assets* presents information on all of the City of South Haven assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City of South Haven is improving or deteriorating.

The *statement of activities* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City of South Haven that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City of South Haven include general government, public safety, public works, highways and streets, health and welfare, and recreation and culture. The business-type activities of the City of South Haven include electric, water, and sewer.

The government-wide financial statements include not only the City of South Haven itself (known as the *primary government*), but also legally separate component units for which the City of South Haven is financially accountable. Component units include the Downtown Development Authority, three Local Development Finance Authorities, and the Brownfield Redevelopment Authority. Financial information for these *component units* are reported separately from the financial information presented for the primary government itself.

The government-wide financial statements can be found on pages 12-14 of this report.

**Fund financial statements.** A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of South Haven, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City of South Haven can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

**Governmental funds.** *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City of South Haven maintains 21 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund and the Sewer Rehabilitation Capital Projects Fund, each of which are considered to be major funds. Data from the other 19 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

The City of South Haven adopts an annual appropriated budget for its general, special revenue, and debt service funds. Budgetary comparison statements or schedules have been provided herein to demonstrate compliance with those budgets.

The basic governmental fund financial statements can be found on pages 15-19 of this report.

**Proprietary funds.** The City of South Haven maintains 2 different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City of South Haven uses enterprise funds to account for its Electric, Water and Sewer operations. *Internal service funds* are an accounting device used to

accumulate and allocate costs internally among the City of South Haven various functions. The City of South Haven uses an internal service fund to account for its Motor Pool, Information Services, and Self-insurance operations. Because this service predominantly benefits governmental rather than business-type functions, they have been included within *governmental activities* in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the enterprise operations of which Electric, Water, and Sewer are considered to be major funds of the City of South Haven.

The basic proprietary fund financial statements can be found on pages 20-23 of this report.

***Fiduciary funds.*** Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the City of South Haven's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary funds financial statement can be found on page 26 of this report.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 27-45 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found on pages 46-75 of this report.

### **Government-wide Financial Analysis**

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City of South Haven, assets exceeded liabilities by \$32,088,277 at the close of the most recent fiscal year.

By far the largest portion of the City of South Haven net assets (56%) reflects its investment in capital assets (e.g., land, buildings, vehicles, equipment and infrastructure), less any related debt used to acquire those assets that is still outstanding. The City of South Haven uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City of South Haven investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

## City of South Haven Net Assets

	Governmental Activities		Business-type Activities		Total	
	2004	2003	2004	2003	2004	2003
Current and other assets	\$ 5,816,135	\$ 10,076,405	\$ 11,387,702	\$ 8,963,409	\$ 17,203,837	\$ 19,039,814
Capital assets	<u>11,627,825</u>	<u>8,316,140</u>	<u>19,291,046</u>	<u>15,572,542</u>	<u>30,918,871</u>	<u>23,888,682</u>
Total assets	<u>17,443,960</u>	<u>18,392,545</u>	<u>30,678,748</u>	<u>24,535,951</u>	<u>48,122,708</u>	<u>42,928,496</u>
Long-term liabilities outstanding	10,281,594	10,678,245	1,937,912	2,011,742	12,219,506	12,689,987
Other liabilities	<u>2,126,662</u>	<u>851,770</u>	<u>1,688,263</u>	<u>1,264,266</u>	<u>3,814,925</u>	<u>2,116,036</u>
Total liabilities	<u>12,408,256</u>	<u>11,530,015</u>	<u>3,626,175</u>	<u>3,276,008</u>	<u>16,034,431</u>	<u>14,806,023</u>
Net assets:						
Invested in capital assets, net of related debt	1,172,825	3,022,895	17,186,046	13,501,558	18,358,871	16,524,453
Restricted	486,230	465,980	241,761	633,944	727,991	1,099,924
Unrestricted	<u>3,376,649</u>	<u>3,373,655</u>	<u>9,624,766</u>	<u>7,124,441</u>	<u>13,001,415</u>	<u>10,498,096</u>
Total net assets	<u>\$ 5,035,704</u>	<u>\$ 6,862,530</u>	<u>\$ 27,052,573</u>	<u>\$ 21,259,943</u>	<u>\$ 32,088,277</u>	<u>\$ 28,122,473</u>

An additional part of the City of South Haven's net assets (2%) represents resources that are subject to external restrictions on how they may be used. The remaining balance (\$11,447,189) may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City of South Haven is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the previous year.

The government's net assets increased by \$3,965,804 during the current fiscal year. This growth is due to grants received from the government (approximately \$1,300,000) and the excess of operating revenues over expenses.

### Governmental activities

Governmental activities decreased the City of South Haven's net assets by \$1,826,826. Key elements in the change of net assets are as follows.

Transfers of \$2,800,000 of physical assets to the water and sewer funds from governmental activities funds.

Property tax revenues increased approximately \$460,000 over the previous year due primarily to an increase in the taxable value of real estate and a significant number of Industrial Facilities Tax exemptions expiring.

### Business-type activities

Business-type activities increased the City of South Haven's net assets by \$5,792,630, thereby accounting for 100% of the total growth in the net assets of the City of South Haven. Key elements of this increase are as follows.



The City's component units contributed approximately \$2,900,000 in capital assets to the electric, sewer, and water funds.

The City recognized an increase of approximately \$300,000 in the sewer and water funds due to increases in usage rates.

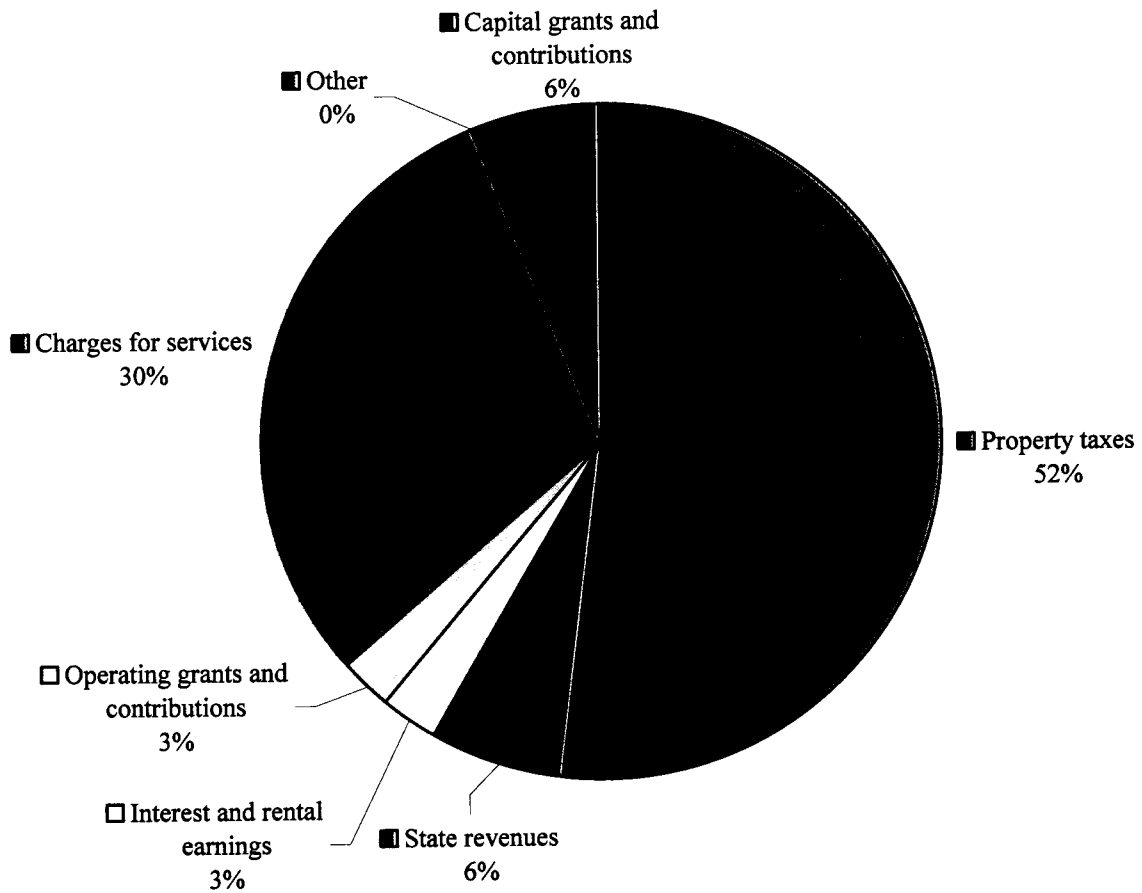
The City also recognized \$2,800,000 in special assessment revenue for the St. Joseph Street Project.

### City of South Haven Changes in Net Assets

	Governmental Activities		Business-type Activities		Total	
	2004	2003	2004	2003	2004	2003
Revenue:						
Program revenue						
Charges for service	\$ 2,378,670	\$ 1,459,998	\$ 12,322,772	\$ 12,672,393	\$ 14,701,442	\$ 14,132,391
Operating grants and contributions	216,170	210,712	622,500	-	838,670	210,712
Capital grants and contributions	487,152	144,647	36,274	1,339,458	523,426	1,484,105
General revenue:	4,109,683	3,646,893	-	-	4,109,683	3,646,893
Property taxes	508,779	564,291	-	-	508,779	564,291
State	200,435	159,779	149,212	152,896	349,647	312,675
Other	-	446,279	2,802,583	450,625	2,802,583	896,904
Total revenue	<u>7,900,889</u>	<u>6,632,599</u>	<u>15,933,341</u>	<u>14,615,372</u>	<u>23,834,230</u>	<u>21,247,971</u>
Expenses:						
General government	1,123,354	873,531	-	-	1,123,354	873,531
Public safety	2,887,402	2,836,035	-	-	2,887,402	2,836,035
Public works	1,031,723	719,582	-	-	1,031,723	719,582
Highways and streets	607,866	528,144	-	-	607,866	528,144
Health and welfare	440,932	422,070	-	-	440,932	422,070
Recreation and culture	994,019	587,415	-	-	994,019	587,415
Interest on long-term debt	439,299	299,583	-	-	439,299	299,583
Electric fund	-	-	8,912,236	8,606,946	8,912,236	8,606,946
Water fund	-	-	1,397,570	1,363,519	1,397,570	1,363,519
Sewer fund	-	-	1,298,007	1,243,519	1,298,007	1,243,519
Other enterprise funds	-	-	736,018	677,578	736,018	677,578
Total expenses	<u>7,524,595</u>	<u>6,266,360</u>	<u>12,343,831</u>	<u>11,891,562</u>	<u>19,868,426</u>	<u>18,157,922</u>
Transfers –						
Internal Activities	(2,203,120)	-	2,203,120	-	-	-
Increase (decrease) in net assets	(1,826,826)	366,239	5,792,630	2,723,810	3,965,804	3,090,049
Net assets – beginning of year	<u>6,862,530</u>	<u>6,496,291</u>	<u>21,259,943</u>	<u>18,536,134</u>	<u>28,122,473</u>	<u>25,032,425</u>
Net assets – end of year	<u>\$ 5,035,704</u>	<u>\$ 6,862,530</u>	<u>\$ 27,052,573</u>	<u>\$ 21,259,943</u>	<u>\$ 32,088,277</u>	<u>\$ 28,122,473</u>

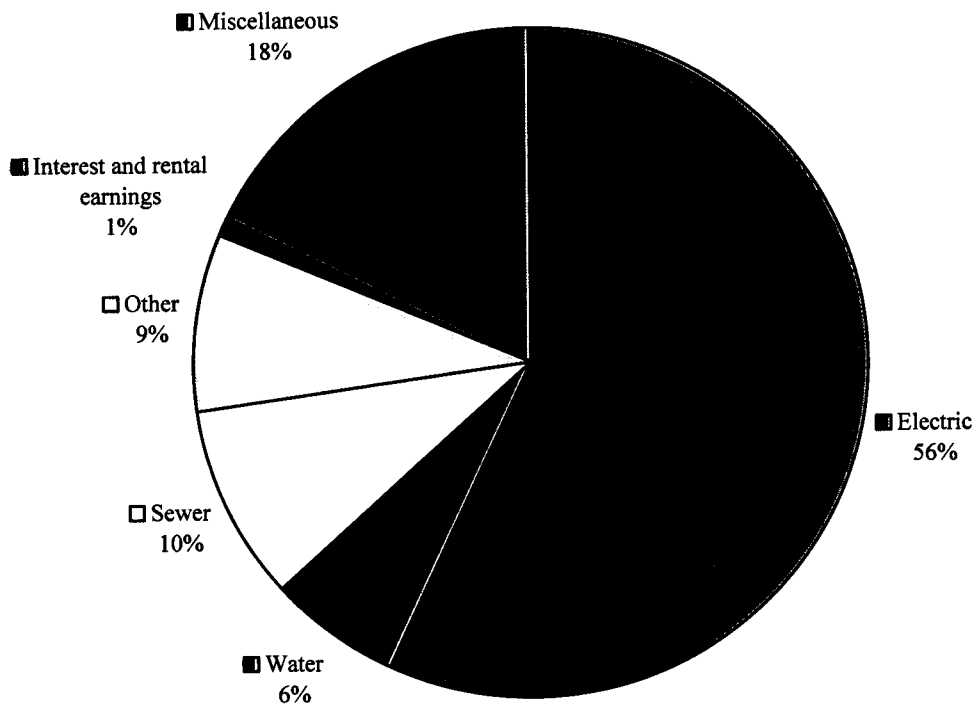
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## Revenues by Source - Governmental Activities

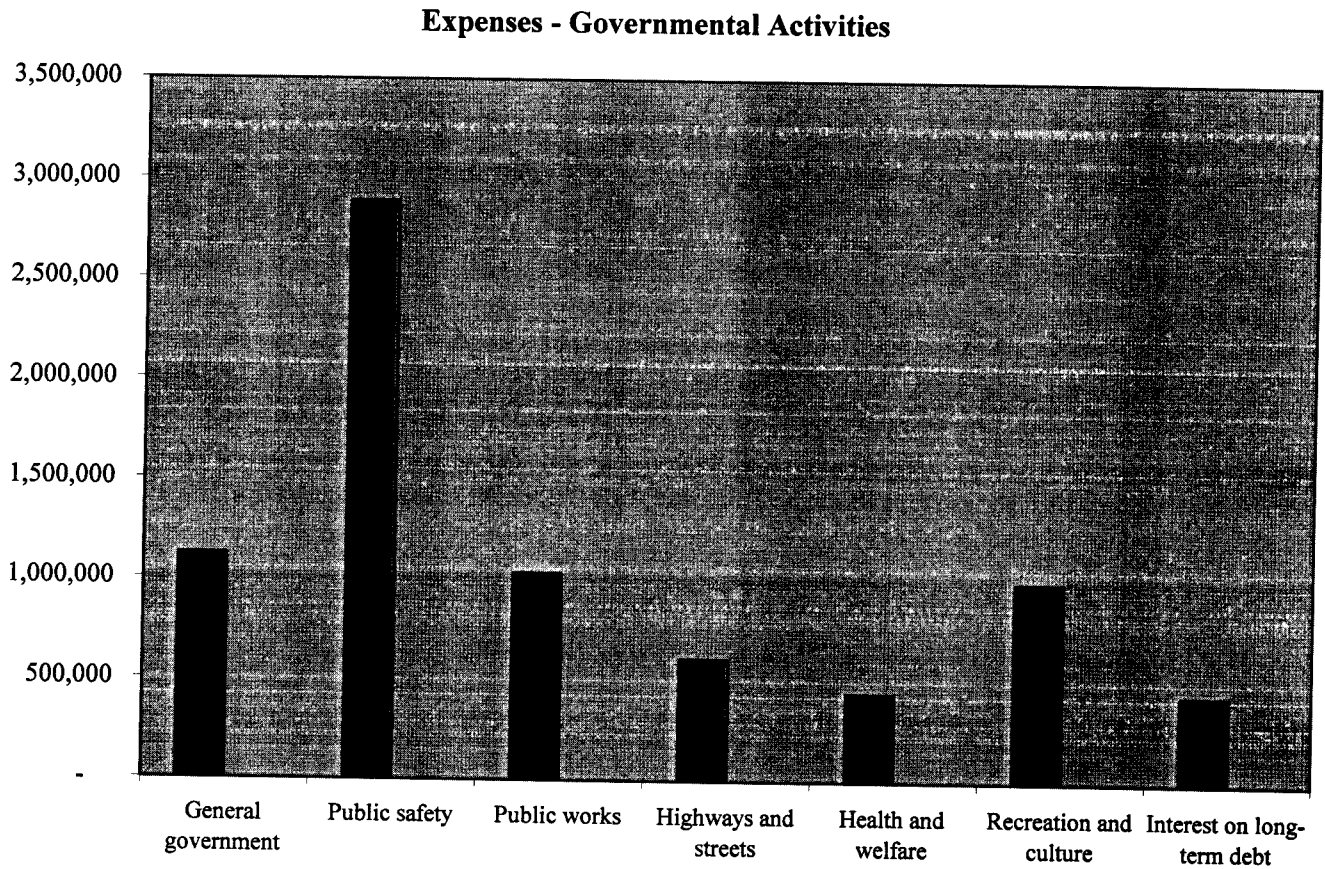


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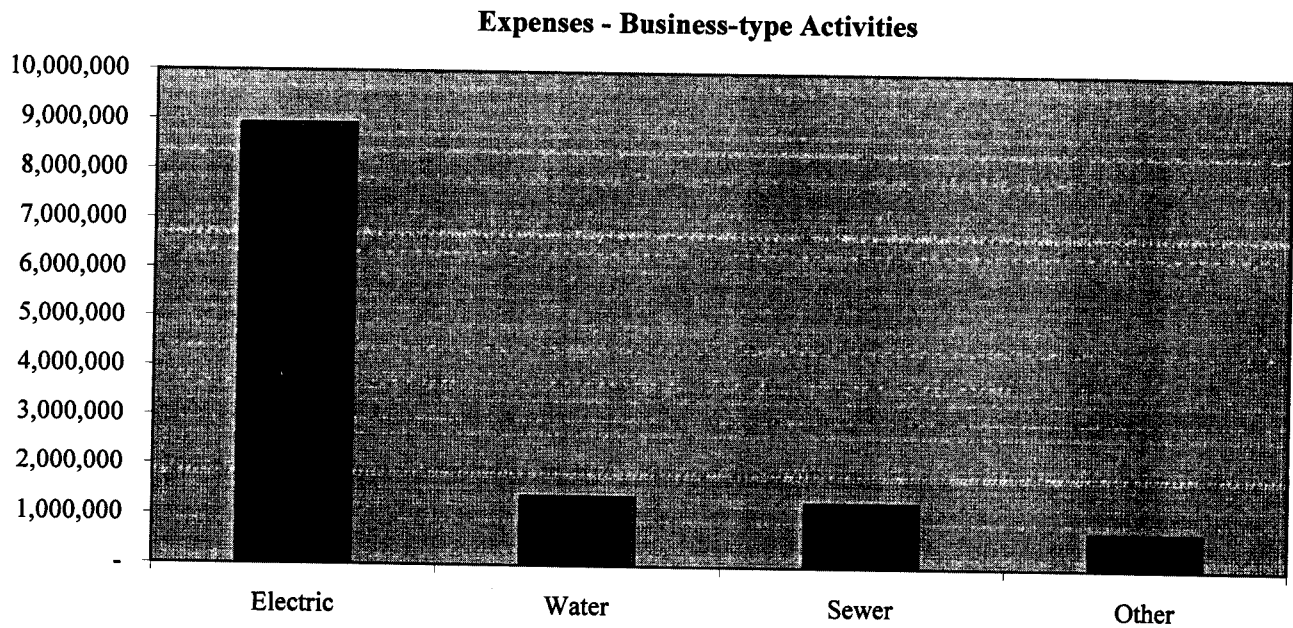
## Revenues by Source - Business-type Activities



## Expenses - Governmental Activities



## Expenses - Business-type Activities



## Financial Analysis of the Government's Funds

As noted earlier, the City of South Haven uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

*Governmental funds.* The focus of the City of South Haven *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the City of South Haven financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

With continuing reductions in State funding, which is a significant source of revenue for the governmental funds, the overall results of the governmental fund operations was a decrease in fund balances of \$5,492,980. Major funds results were similar as the general fund resulted in a decrease of \$141,160 while the capital projects fund spent down its fund balance resulting in a decrease of \$5,130,165 for the year.

*Proprietary funds.* The City of South Haven proprietary funds provide the same type of information found in the government wide financial statements, but in more detail.

The proprietary fund operations all resulted in an increase in net assets. Overall the net assets of the proprietary funds increased \$5,792,630.

## General Fund Budgetary Highlights

There are minimal differences between the original budget and the amended budget.

## Capital Asset and Debt Administration

### City of South Haven Capital Assets (net of depreciation)

	Governmental Activities		Business-type Activities		Total	
	2004	2003	2004	2003	2004	2003
Land	\$ 360,491	\$ 314,619	\$ 23,062	\$ 59,358	\$ 383,553	\$ 373,977
Land improvements	723,630	2,438,828	2,387,395	1,349,206	3,111,025	3,788,034
Building, equipment, and infrastructure, net	<u>10,543,704</u>	<u>5,562,693</u>	<u>16,880,589</u>	<u>14,230,986</u>	<u>27,424,293</u>	<u>19,793,679</u>
<b>Total</b>	<b><u>\$ 11,627,825</u></b>	<b><u>\$ 8,316,140</u></b>	<b><u>\$ 19,291,046</u></b>	<b><u>\$ 15,639,550</u></b>	<b><u>\$ 30,918,871</u></b>	<b><u>\$ 23,955,690</u></b>

Additional information on the City of South Haven capital assets can be found in note 7 on pages 39-41 of this report.

## Long-Term Debt

City of South Haven Outstanding Debt General Obligation and Revenue Bonds					
	Governmental Activities		Business-type Activities		Total
	2004	2003	2004	2003	
General obligation bonds	\$ 10,155,000	\$ 10,570,000	\$ -	\$ -	\$ 10,155,000 \$ 10,570,000
Revenue bonds	-	-	2,105,000	2,205,000	2,105,000 2,205,000
Other debt	576,594	523,245	-	-	576,594 523,245
<b>Total</b>	<b>\$ 10,731,594</b>	<b>\$ 11,093,245</b>	<b>\$ 2,105,000</b>	<b>\$ 2,205,000</b>	<b>\$ 12,836,594 \$ 13,298,245</b>

The City of South Haven's most recent general obligation bond issue had a rating of A from both Standard & Poor's and Fitch Rating.

State statutes limit the amount of general obligation debt a governmental entity may issue to 10% of the State Equalized Value. The current debt limitation for the City of South Haven is \$31,660,000.

Additional information on the City of South Haven long-term debt can be found in note 8 on pages 41-43 of this report.

### Economic Factors and Next Year's Budgets and Rates

The economic outlook for the City's future includes significant expected growth, the completion of the sewer rehabilitation project. These activities are already funded by previous bond issues and new grants.

State funding is anticipated to decline which will cause the City to continue to provide its constituents service on a reduced budget.

### Requests for Information

This financial report is designed to provide a general overview of the City of South Haven finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Marvin Hinga, Finance Director, 539 Phoenix Street, South Haven, Michigan 49090.

## **BASIC FINANCIAL STATEMENTS**

**CITY OF SOUTH HAVEN**

**STATEMENT OF NET ASSETS**

**JUNE 30, 2004**

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
<b>Assets</b>				
Cash and cash equivalents	\$ 2,225,377	\$ 5,536,068	\$ 7,761,445	\$ 114,512
Investments	1,777,583	1,621,261	3,398,844	-
Accounts receivable	48,948	1,356,737	1,405,685	-
Special assessment receivable, current	-	75,000	75,000	-
Taxes receivable	53,682	-	53,682	-
Accounts receivable- other	17,995	125,781	143,776	-
Advance to component unit	215,298	212,259	427,557	-
Due from other governmental units	677,879	167,942	845,821	1,216,181
Prepaid items and other assets	53,036	109,395	162,431	-
Inventory	-	373,569	373,569	-
Capital assets				
Land	360,491	23,062	383,553	212,873
Other capital assets - net of depreciation	11,267,334	19,267,984	30,535,318	3,846,958
Equity interest in SHAES	746,338	-	746,338	-
Restricted cash and cash equivalents	-	80,384	80,384	-
Restricted investments	-	146,570	146,570	-
Noncurrent assets:				
Special assessment receivable, long term	-	1,582,736	1,582,736	-
<b>Total assets</b>	<b>17,443,961</b>	<b>30,678,748</b>	<b>48,122,709</b>	<b>5,390,524</b>
<b>Liabilities</b>				
Accounts payable and accrued expenses	1,668,709	1,168,121	2,836,830	51,404
Due to governments	7,954	60,423	68,377	-
Advance from primary government	-	-	-	427,557
Deferred revenue	-	209,340	209,340	-
Deposits payable	-	145,379	145,379	-
Noncurrent liabilities:				
Discount on bonds	-	(62,088)	(62,088)	-
Due within one year	700,800	105,000	805,800	200,218
Due in more than one year	10,030,794	2,000,000	12,030,794	3,274,782
<b>Total liabilities</b>	<b>12,408,257</b>	<b>3,626,175</b>	<b>16,034,432</b>	<b>3,953,961</b>
<b>Net Assets</b>				
Invested in capital assets, net of related debt	1,172,825	17,186,046	18,358,871	584,831
Restricted for:				
Major Street	291,330	-	291,330	-
Local Street	20,112	-	20,112	-
Debt service	48,113	-	48,113	276
Perpetual care	126,675	-	126,675	-
Other purposes	-	1,795,987	1,795,987	-
Unrestricted	3,376,649	8,070,540	11,447,189	851,456
<b>Total net assets</b>	<b>\$ 5,035,704</b>	<b>\$ 27,052,573</b>	<b>\$ 32,088,277</b>	<b>\$ 1,436,563</b>

The accompanying notes are an integral part of these financial statements.

**CITY OF SOUTH HAVEN**

**STATEMENT OF ACTIVITIES**

**FOR THE YEAR ENDED JUNE 30, 2004**

<u>Functions / Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	
<b>Primary government</b>					
Governmental activities:					
General government	\$ 1,123,354	\$ 881,824	\$ 213,773	\$ -	\$ (27,757)
Public safety	2,887,402	14,875	2,397	-	(2,870,130)
Public works	1,031,723	245,194	-	987,152	200,623
Highways and streets	607,866	443,207	-	-	(164,659)
Health and welfare	440,932	-	-	-	(440,932)
Recreation and culture	994,019	293,570	-	-	(700,449)
Interest expense	439,299	-	-	-	(439,299)
Total governmental activities	<u>7,524,595</u>	<u>1,878,670</u>	<u>216,170</u>	<u>987,152</u>	<u>(4,442,603)</u>
Business-type activities:					
Electric	8,912,236	9,054,203	-	-	141,967
Water	1,397,570	1,018,882	-	-	(378,688)
Sewer	1,298,007	1,509,432	-	13,774	225,199
Other	736,018	740,255	622,500	22,500	649,237
Total business-type activities	<u>12,343,831</u>	<u>12,322,772</u>	<u>622,500</u>	<u>36,274</u>	<u>637,715</u>
Total primary government	<u>\$19,868,426</u>	<u>\$14,201,442</u>	<u>\$ 838,670</u>	<u>\$ 1,023,426</u>	<u>\$(3,804,888)</u>
<b>Component units</b>					
Downtown Development Authority	\$ 817,120	\$ -	\$ -	\$ -	\$ (817,120)
Local Development Finance Authority #1	684,571	-	-	-	(684,571)
Local Development Finance Authority #2	18,770	-	-	-	(18,770)
Local Development Finance Authority #3	151,667	-	-	482,388	330,721
Brownfield Redevelopment Authority	209,260	-	-	-	(209,260)
Total component units	<u>\$ 1,881,388</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 482,388</u>	<u>\$(1,399,000)</u>

(Continued)

The accompanying notes are an integral part of these financial statements.



**CITY OF SOUTH HAVEN**  
**STATEMENT OF ACTIVITIES (CONTINUED)**  
**FOR THE YEAR ENDED JUNE 30, 2004**

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
<b>Changes in net assets</b>				
Net (expense) revenue	<u>\$ (4,442,603)</u>	<u>\$ 637,715</u>	<u>\$ (3,804,888)</u>	<u>\$ (1,399,000)</u>
General revenues:				
Property taxes	4,109,683	-	4,109,683	1,616,631
State revenues	508,779	-	508,779	10,235
Interest and rental earnings	200,435	149,212	349,647	12,846
Miscellaneous	-	2,802,583	2,802,583	488,612
Transfers - internal activities	<u>(2,203,120)</u>	<u>2,203,120</u>	<u>-</u>	<u>-</u>
Total general revenues and transfers	<u>2,615,777</u>	<u>5,154,915</u>	<u>7,770,692</u>	<u>2,128,324</u>
Change in net assets	<u>(1,826,826)</u>	<u>5,792,630</u>	<u>3,965,804</u>	<u>729,324</u>
Net assets, beginning of year	<u>6,862,530</u>	<u>21,259,943</u>	<u>28,122,473</u>	<u>707,239</u>
<b>Net assets, end of year</b>	<u><u>\$ 5,035,704</u></u>	<u><u>\$ 27,052,573</u></u>	<u><u>\$ 32,088,277</u></u>	<u><u>\$ 1,436,563</u></u>

The accompanying notes are an integral part of these financial statements.

# CITY OF SOUTH HAVEN

## BALANCE SHEET GOVERNMENTAL FUNDS

JUNE 30, 2004

<u>ASSETS</u>	GENERAL FUND	SEWER REHABILITATION	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
Cash and cash equivalents	\$ 154,323	\$ 457,865	\$ 1,247,202	\$ 1,859,390
Investments	1,078,475	572,433	126,675	1,777,583
Accounts receivable	-	-	42,420	42,420
Taxes receivable	44,929	-	8,753	53,682
Other receivable	16,517	5,042	39	21,598
Due from other funds	-	-	20,793	20,793
Due from other governmental units	99,694	-	278,185	377,879
Prepaid items	52,886	-	150	53,036
Advances to component unit	-	-	33,436	33,436
<u>TOTAL ASSETS</u>	<u>\$1,446,824</u>	<u>\$ 1,035,340</u>	<u>\$ 1,757,653</u>	<u>\$ 4,239,817</u>

### LIABILITIES AND FUND BALANCES

<b>LIABILITIES</b>				
Accounts payable	\$ 69,163	\$ 1,154,469	\$ 218,004	\$ 1,441,636
Accrued expenses and other liabilities	88,977	-	17,069	106,046
Due to other governmental units	7,954	-	-	7,954
Due to other funds	-	-	20,793	20,793
Deferred revenue	44,929	-	48,474	93,403
<b>TOTAL LIABILITIES</b>	<b>211,023</b>	<b>1,154,469</b>	<b>304,340</b>	<b>1,669,832</b>
<b>FUND BALANCES(DEFICIT)</b>				
Reserved	38,543	(119,129)	681,581	600,995
Unreserved				
Undesignated	1,197,258	-	-	1,197,258
Undesignated, reported in nonmajor				
Special revenue funds	-	-	592,365	592,365
Capital project funds	-	-	170,353	170,353
Permanent fund	-	-	9,014	9,014
<b>TOTAL FUND BALANCES(DEFICIT)</b>	<b>1,235,801</b>	<b>(119,129)</b>	<b>1,453,313</b>	<b>2,569,985</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$1,446,824</b>	<b>\$ 1,035,340</b>	<b>\$ 1,757,653</b>	<b>\$ 4,239,817</b>

The accompanying notes are an integral part of these financial statements.

**CITY OF SOUTH HAVEN**

**RECONCILIATION OF THE FUND BALANCES ON THE BALANCE SHEET  
FOR GOVERNMENTAL FUNDS TO THE NET ASSETS OF GOVERNMENTAL  
ACTIVITIES ON THE STATEMENT OF NET ASSETS**

**JUNE 30, 2004**

Fund balances- total governmental funds \$ 2,569,985

Amounts reported for governmental activities in the statement of net assets  
are different because:

Capital assets used in governmental activities are not financial resources and  
therefore are not reported in the funds.

Add- equity interest in SHAES	746,338
Add- land	360,491
Add- capital assets	28,708,419
Deduct- accumulated depreciation	(17,441,085)

Certain liabilities, such as bond payable, are not due and payable in the  
current period and therefore are not reported in the funds.

Deduct- bonds payable	(10,455,000)
Deduct- accrued interest	(30,988)
Deduct- compensated absences	(276,594)
Add- Internal Service fund net assets other than capital assets and debt	760,735

Certain revenues are not recognized because they are not measurable and  
available.

Add- deferred revenue for property taxes and grant draw downs	<u>93,403</u>
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Net assets of governmental activities	<u><u>\$ 5,035,704</u></u>
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The accompanying notes are an integral part of these financial statements.

**CITY OF SOUTH HAVEN**

**STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES**

**FOR THE YEAR ENDED JUNE 30, 2004**

	GENERAL FUND	SEWER REHABILITATION	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
<b>REVENUES</b>				
Taxes	\$ 3,441,651	\$ -	\$ 802,846	\$ 4,244,497
Special assessments	-	-	274	274
Licenses and permits	236,824	-	-	236,824
Intergovernmental revenues:				
Federal	2,397	-	-	2,397
State	517,310	-	927,234	1,444,544
Charges for services	393,918	-	-	393,918
Fines and forfeitures	25,635	-	-	25,635
Interest and rental income	71,679	87,576	231,736	390,991
Other	348,118	500,000	313,691	1,161,809
<b>TOTAL REVENUES</b>	<b>5,037,532</b>	<b>587,576</b>	<b>2,275,781</b>	<b>7,900,889</b>
<b>EXPENDITURES</b>				
Current:				
General government	917,662	-	-	917,662
Public safety	2,616,118	-	167,592	2,783,710
Public works	558,238	-	-	558,238
Highway and streets	-	-	556,535	556,535
Health and welfare	136,115	-	739,843	875,958
Recreation and culture	312,214	-	-	312,214
Other	114,486	-	525	115,011
Debt service:				
Principal retirement	-	-	415,000	415,000
Interest and fiscal charges	-	-	439,299	439,299
Capital outlay	-	4,110,931	101,191	4,212,122
<b>TOTAL EXPENDITURES</b>	<b>4,654,833</b>	<b>4,110,931</b>	<b>2,419,985</b>	<b>11,185,749</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>382,699</b>	<b>(3,523,355)</b>	<b>(144,204)</b>	<b>(3,284,860)</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	1,291,788	1,039,271	2,331,059
Transfers out	(523,859)	(2,898,598)	(1,116,722)	(4,539,179)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(523,859)</b>	<b>(1,606,810)</b>	<b>(77,451)</b>	<b>(2,208,120)</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(141,160)</b>	<b>(5,130,165)</b>	<b>(221,655)</b>	<b>(5,492,980)</b>
<b>FUND BALANCES, BEGINNING OF YEAR</b>	<b>1,376,961</b>	<b>5,011,036</b>	<b>1,674,968</b>	<b>8,062,965</b>
<b>FUND BALANCES(DEFICIT), END OF YEAR</b>	<b>\$ 1,235,801</b>	<b>\$ (119,129)</b>	<b>\$ 1,453,313</b>	<b>\$ 2,569,985</b>

The accompanying notes are an integral part of these financial statements.

**CITY OF SOUTH HAVEN**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGE IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES**

**FOR THE YEAR ENDED JUNE 30, 2004**

Net change in fund balances - total governmental funds \$ (5,492,980)

Amounts reported for *governmental activities* in the statement of activities  
are different because:

Governmental funds report capital outlays as expenditures. However, in the  
statement of activities, the cost of those assets is allocated over their estimated  
useful lives and reported as depreciation expense.

Add - capital outlay	3,929,830
Deduct - depreciation expense	(789,709)

Repayment of bond principal is an expenditure in the governmental funds, but  
the repayment reduces long-term liabilities in the statement of net assets.

Add - principal payments on long-term debt	415,000
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Some expenses reported in the statement of activities do not require the use  
of current financial resources and therefore are not reported as expenditures  
in the funds.

Add - net income from internal service funds	75,017
Add - increase in equity in SHAES	168,758
Add - decrease in special assessment	20,607
Deduct - increase in the accrual for compensated absences	(153,349)

Change in net assets of governmental activities	<u>\$ (1,826,826)</u>
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The accompanying notes are an integral part of these financial statements.

**CITY OF SOUTH HAVEN**

**STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL - GENERAL FUND**

**FOR THE YEAR ENDED JUNE 30, 2004**

	ORIGINAL BUDGET	AMENDED BUDGET	ACTUAL	VARIANCE TO AMENDED BUDGET POSITIVE (NEGATIVE)
REVENUES				
Taxes	\$ 3,422,670	\$ 3,433,670	\$3,441,651	\$ 7,981
Licenses and permits	166,710	204,710	236,824	32,114
Intergovernmental revenues:				
State	562,500	520,500	517,310	(3,190)
Charges for services	351,906	386,506	393,918	7,412
Fines and forfeitures	18,200	18,200	25,635	7,435
Interest and rentals	43,498	43,498	71,679	28,181
Other	213,726	238,726	348,118	109,392
<b>TOTAL REVENUES</b>	<b>4,779,210</b>	<b>4,845,810</b>	<b>5,037,532</b>	<b>191,722</b>
EXPENDITURES				
Current:				
General government	1,008,799	994,092	917,662	76,430
Public safety	2,603,453	2,646,574	2,616,118	30,456
Public works	551,081	577,351	558,238	19,113
Health and welfare	134,591	135,591	136,115	(524)
Recreation and culture	246,450	325,837	312,214	13,623
Other	119,711	121,691	114,486	7,205
<b>TOTAL EXPENDITURES</b>	<b>4,664,085</b>	<b>4,801,136</b>	<b>4,654,833</b>	<b>146,303</b>
REVENUES OVER (UNDER) EXPENDITURES	115,125	44,674	382,699	338,025
OTHER FINANCING SOURCES (USES)				
Transfers in	4,500	-	-	-
Transfers (out)	(70,000)	(523,859)	(523,859)	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(65,500)</b>	<b>(523,859)</b>	<b>(523,859)</b>	<b>-</b>
NET CHANGE IN FUND BALANCE	49,625	(479,185)	(141,160)	338,025
FUND BALANCES, BEGINNING OF YEAR	1,376,961	1,376,961	1,376,961	-
<b>FUND BALANCES, END OF YEAR</b>	<b>\$ 1,426,586</b>	<b>\$ 897,776</b>	<b>\$ 1,235,801</b>	<b>\$ 338,025</b>

The accompanying notes are an integral part of these financial statements.

**CITY OF SOUTH HAVEN**

**PROPRIETARY FUNDS  
STATEMENT OF NET ASSETS**

**JUNE 30, 2004**

<u>ASSETS</u>	<u>BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS</u>					<u>GOVERNMENTAL ACTIVITIES</u>
	<u>ELECTRIC FUND</u>	<u>WATER FUND</u>	<u>SEWER FUND</u>	<u>OTHER ENTERPRISE FUNDS</u>	<u>TOTAL</u>	<u>INTERNAL SERVICE FUNDS</u>
<b>CURRENT ASSETS</b>						
Cash and cash equivalents	\$ 3,385,279	\$ 575,879	\$ 808,985	\$ 545,925	\$ 5,316,068	\$ 365,987
Investments	1,517,503	-	103,758	-	1,621,261	-
Receivables:						
Customers	1,042,989	134,742	179,006	-	1,356,737	-
Special assessments receivable	-	705,711	952,025	-	1,657,736	-
Other	36,501	34,830	53,238	1,212	125,781	2,925
Due from other funds	-	-	-	74,000	74,000	-
Due from other governmental units	-	-	-	167,942	167,942	300,000
Prepaid expenses	51,636	30,396	27,363	-	109,395	-
Inventory	299,748	72,668	1,153	-	373,569	-
<b>RESTRICTED ASSETS</b>						
Cash and cash equivalents	220,000	-	80,384	-	300,384	-
Investments	-	46,570	100,000	-	146,570	-
<b>TOTAL CURRENT ASSETS</b>	<b>6,553,656</b>	<b>1,600,796</b>	<b>2,305,912</b>	<b>789,079</b>	<b>11,249,443</b>	<b>668,912</b>
<b>OTHER ASSETS</b>						
Discount on bonds - net	54,137	7,951	-	-	62,088	-
Advances to component unit	44,255	-	-	168,004	212,259	181,862
<b>TOTAL OTHER ASSETS</b>	<b>98,392</b>	<b>7,951</b>	<b>-</b>	<b>168,004</b>	<b>274,347</b>	<b>181,862</b>
<b>CAPITAL ASSETS</b>						
Land and land improvements	8,001	31,960	42,331	2,851,688	2,933,980	-
Buildings and improvements	2,650,877	4,109,130	3,562,826	102,749	10,425,582	-
Utility system	7,843,414	7,608,800	5,531,708	-	20,983,922	-
Machinery and equipment	272,501	383,294	372,299	61,875	1,089,969	2,202,622
<b>TOTAL CAPITAL ASSETS</b>	<b>10,774,793</b>	<b>12,133,184</b>	<b>9,509,164</b>	<b>3,016,312</b>	<b>35,433,453</b>	<b>2,202,622</b>
Less: Accumulated depreciation	3,518,978	6,457,313	5,599,644	566,472	16,142,407	1,378,865
<b>NET CAPITAL ASSETS</b>	<b>7,255,815</b>	<b>5,675,871</b>	<b>3,909,520</b>	<b>2,449,840</b>	<b>19,291,046</b>	<b>823,757</b>
<b>TOTAL ASSETS</b>	<b>13,907,863</b>	<b>7,284,618</b>	<b>6,215,432</b>	<b>3,406,923</b>	<b>30,814,836</b>	<b>1,674,531</b>

(Continued)

The accompanying notes are an integral part of these financial statements.

**CITY OF SOUTH HAVEN**

**PROPRIETARY FUNDS  
STATEMENT OF NET ASSETS (CONTINUED)**

**JUNE 30, 2004**

<u>LIABILITIES</u>	<u>BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS</u>					<u>GOVERNMENTAL ACTIVITIES</u>
	<u>ELECTRIC FUND</u>	<u>WATER FUND</u>	<u>SEWER FUND</u>	<u>OTHER ENTERPRISE FUNDS</u>	<u>TOTAL</u>	<u>INTERNAL SERVICE FUNDS</u>
<b>CURRENT LIABILITIES</b>						
Accounts payable	\$ 760,629	\$ 97,051	\$ 98,956	\$ 23,282	\$ 979,918	\$ 75,203
Accrued expenses and other liabilities	19,275	36,212	20,432	12,091	88,010	14,836
Due to other funds	-	-	-	74,000	74,000	-
Due to other governmental units	-	60,423	-	-	60,423	-
Customer deposits payable	145,379	-	-	-	145,379	-
Deferred revenue	-	-	-	209,340	209,340	-
Current portion of bonds payable	-	-	-	-	-	100,000
<b>TOTAL CURRENT LIABILITIES</b>	<b>925,283</b>	<b>193,686</b>	<b>119,388</b>	<b>318,713</b>	<b>1,557,070</b>	<b>190,039</b>
<b>CURRENT LIABILITIES PAYABLE FROM RESTRICTED ASSETS</b>						
Accrued liabilities	83,988	1,837	14,368	-	100,193	-
Current maturity of bonds payable	90,000	15,000	-	-	105,000	-
<b>TOTAL CURRENT LIABILITIES PAYABLE FROM RESTRICTED ASSETS</b>	<b>173,988</b>	<b>16,837</b>	<b>14,368</b>	<b>-</b>	<b>205,193</b>	<b>-</b>
<b>LONG-TERM LIABILITIES</b>						
Long-term debt - Net of current portion	1,590,000	410,000	-	-	2,000,000	200,000
<b>TOTAL LIABILITIES</b>	<b>2,689,271</b>	<b>620,523</b>	<b>133,756</b>	<b>318,713</b>	<b>3,762,263</b>	<b>390,039</b>
<b>NET ASSETS</b>						
Investment in capital assets net of related debt	5,575,815	5,250,871	3,909,520	2,449,840	17,186,046	523,757
Restricted for revenue bond retirement	46,012	29,733	166,016	-	241,761	-
Unrestricted	5,596,765	1,383,491	2,006,140	638,370	9,624,766	760,735
<b>TOTAL NET ASSETS</b>	<b>\$ 11,218,592</b>	<b>\$ 6,664,095</b>	<b>\$ 6,081,676</b>	<b>\$ 3,088,210</b>	<b>\$ 27,052,573</b>	<b>\$ 1,284,492</b>

(Concluded)

The accompanying notes are an integral part of these financial statements.



**CITY OF SOUTH HAVEN**  
**PROPRIETARY FUNDS**  
**STATEMENT OF REVENUES, EXPENSES**  
**AND CHANGES IN NET ASSETS**  
**FOR THE YEAR ENDED JUNE 30, 2004**

	<u>BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS</u>					<u>GOVERNMENTAL ACTIVITIES</u>
	<u>ELECTRIC FUND</u>	<u>WATER FUND</u>	<u>SEWER FUND</u>	<u>OTHER ENTERPRISE FUNDS</u>	<u>TOTAL</u>	<u>INTERNAL SERVICE FUND</u>
OPERATING REVENUES						
Charges for services	\$ 9,054,203	\$ 1,018,882	\$ 1,509,432	\$ 169,851	\$ 11,752,368	\$ 862,492
Special assessments	-	851,147	1,089,443	622,500	2,563,090	-
Dock rental	-	-	-	572,745	572,745	-
Other	18,841	345,833	182,856	29,128	576,658	25,156
TOTAL OPERATING REVENUES	9,073,044	2,215,862	2,781,731	1,394,224	15,464,861	887,648
OPERATING EXPENSES						
Operating costs and expenses	8,131,407	1,137,189	1,084,355	590,844	10,943,795	640,254
Property tax equivalents	480,000	63,650	72,000	40,049	655,699	-
Depreciation	203,629	174,951	141,652	105,125	625,357	186,055
TOTAL OPERATING EXPENSES	8,815,036	1,375,790	1,298,007	736,018	12,224,851	826,309
OPERATING INCOME	258,008	840,072	1,483,724	658,206	3,240,010	61,339
NON OPERATING REVENUES (EXPENSES)						
Interest income	82,876	17,485	13,283	38,070	151,714	22,328
Reimbursement	316,766	-	-	-	316,766	-
Interest and fiscal charges	(97,200)	(21,780)	-	-	(118,980)	(13,650)
TOTAL NON OPERATING REVENUES (EXPENSES)	302,442	(4,295)	13,283	38,070	349,500	8,678
NET INCOME BEFORE TRANSFERS	560,450	835,777	1,497,007	696,276	3,589,510	70,017
TRANSFERS IN (OUT)						
Transfers in	-	1,404,951	1,493,647	-	2,898,598	5,000
Transfers (out)	(227,750)	(119,198)	(334,510)	(14,020)	(695,478)	-
TOTAL TRANSFERS	(227,750)	1,285,753	1,159,137	(14,020)	2,203,120	5,000
CHANGE IN NET ASSETS	332,700	2,121,530	2,656,144	682,256	5,792,630	75,017
NET ASSETS, BEGINNING OF YEAR	10,885,892	4,542,565	3,425,532	2,405,954	21,259,943	1,209,475
NET ASSETS, END OF YEAR	\$ 11,218,592	\$ 6,664,095	\$ 6,081,676	\$ 3,088,210	\$ 27,052,573	\$ 1,284,492

The accompanying notes are an integral part of these financial statements.

## CITY OF SOUTH HAVEN

PROPRIETARY FUNDS  
STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2004

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS					GOVERNMENTAL
	ELECTRIC FUND	WATER FUND	SEWER FUND	OTHER ENTERPRISE FUNDS	TOTAL	INTERNAL SERVICE FUNDS
CASH FLOWS FROM OPERATING ACTIVITIES						
Cash received from customers	\$ 9,332,698	\$ 1,512,844	\$ 1,767,572	\$ 1,231,682	\$ 13,844,796	\$ -
Internal charges	-	-	-	-	-	989,718
Cash payments to suppliers for goods and services	(7,239,814)	(991,320)	(731,869)	(392,239)	(9,355,242)	-
Cash payments to employees for services	(771,809)	(161,869)	(353,718)	(232,592)	(1,519,988)	(595,407)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	1,321,075	359,655	681,985	606,851	2,969,566	394,311
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES						
Due from other funds	125,745	-	-	(74,000)	51,745	-
Due to other funds	-	-	-	(51,745)	(51,745)	-
Advance to component units	(44,255)	-	-	65,426	21,171	(5,417)
Transfers in	-	1,404,951	1,493,647	-	2,898,598	5,000
Transfers out	(227,750)	(119,198)	(334,510)	(14,020)	(695,478)	-
NET CASH PROVIDED BY (USED IN) NONCAPITAL FINANCING ACTIVITIES	(146,260)	1,285,753	1,159,137	(74,339)	2,224,291	(417)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Reimbursement	316,766	-	-	-	316,766	-
Purchase of capital assets	(26,221)	(1,392,290)	(1,494,066)	(1,340,684)	(4,253,261)	(357,708)
Principal paid on long-term debt	(85,000)	(15,000)	-	-	(100,000)	(100,000)
Interest paid and fiscal charges	(92,750)	(21,310)	-	-	(114,060)	(13,650)
NET CASH PROVIDED BY (USED IN) CAPITAL AND RELATED FINANCING ACTIVITIES	112,795	(1,428,600)	(1,494,066)	(1,340,684)	(4,150,555)	(471,358)
CASH FLOWS FROM INVESTING ACTIVITIES						
Interest income	82,876	17,485	13,283	38,070	151,714	22,328
Purchase of investments	(326,873)	-	(103,758)	-	(430,631)	-
Sale of investments	-	(1,578)	145,673	1,057	145,152	-
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	(243,997)	15,907	55,198	39,127	(133,765)	22,328
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,043,613	232,715	402,254	(769,045)	909,537	(55,136)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	2,561,666	343,164	487,115	1,314,970	4,706,915	421,123
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 3,605,279	\$ 575,879	\$ 889,369	\$ 545,925	\$ 5,616,452	\$ 365,987
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:						
Operating income (loss)	\$ 258,008	\$ 840,072	\$ 1,483,724	\$ 658,206	\$ 3,240,010	\$ 61,339
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:						
Depreciation	203,629	174,951	141,652	105,125	625,357	186,055
Changes in operating assets and liabilities which provided (used) cash:						
Receivables	259,654	(575,404)	(1,002,395)	776	(1,317,369)	2,070
Due from other governmental units	-	-	-	(167,942)	(167,942)	100,000
Prepaid expenses	(16,786)	(10,180)	(9,388)	-	(36,354)	-
Inventory	66,154	(29,016)	(252)	-	36,886	-
Accounts payable	536,573	37,909	73,539	(814)	647,207	42,158
Accrued expenses and other liabilities	7,652	5,051	6,869	1,859	21,431	2,689
Due to other governmental units	-	43,886	-	-	43,886	-
Customer deposits	6,191	-	-	-	6,191	-
Deferred revenue	-	(127,614)	(11,764)	9,641	(129,737)	-
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	\$ 1,321,075	\$ 359,655	\$ 681,985	\$ 606,851	\$ 2,969,566	\$ 394,311
CASH AND CASH EQUIVALENTS	\$ 3,385,279	\$ 575,879	\$ 808,985	\$ 545,925	\$ 5,316,068	\$ 365,987
CASH AND CASH EQUIVALENTS - RESTRICTED	220,000	-	80,384	-	300,384	-
TOTAL CASH AND CASH EQUIVALENTS	\$ 3,605,279	\$ 575,879	\$ 889,369	\$ 545,925	\$ 5,616,452	\$ 365,987

The accompanying notes are an integral part of these financial statements.

**CITY OF SOUTH HAVEN**

**COMPONENT UNITS  
COMBINING STATEMENT OF NET ASSETS**

**JUNE 30, 2004**

	DOWNTOWN DEVELOPMENT AUTHORITY	LOCAL DEVELOPMENT FINANCE AUTHORITY#1	LOCAL DEVELOPMENT FINANCE AUTHORITY#2	LOCAL DEVELOPMENT FINANCE AUTHORITY#3	BROWNFIELD REDEVELOPMENT AUTHORITY	TOTAL
<b>ASSETS</b>						
Cash and cash equivalents	\$ 281	\$ 3,753	\$ 56,077	\$ 192	\$ 54,209	\$ 114,512
Due from other component units	-	700,910	-	-	411,000	1,111,910
Due from other governmental units	-	-	-	925,263	290,918	1,216,181
Land	-	-	55,373	157,500	-	212,873
Other Capital Assets	3,846,958	-	-	-	-	3,846,958
<b>TOTAL ASSETS</b>	<b>3,847,239</b>	<b>704,663</b>	<b>111,450</b>	<b>1,082,955</b>	<b>756,127</b>	<b>6,502,434</b>
<b>LIABILITIES</b>						
Accounts payable	43,321	1,148	-	5,731	1,204	51,404
Due to other component units	-	-	-	1,111,910	-	1,111,910
Advances from primary government	427,557	-	-	-	-	427,557
Long-term debt						
Due within one year	185,000	-	-	15,218	-	200,218
Due in more than one year	2,940,000	-	-	334,782	-	3,274,782
<b>TOTAL LIABILITIES</b>	<b>3,595,878</b>	<b>1,148</b>	<b>-</b>	<b>1,467,641</b>	<b>1,204</b>	<b>5,065,871</b>
<b>NET ASSETS</b>						
Capital assets net of related debt	721,958	-	55,373	(192,500)	-	584,831
Restricted for debt service	276	-	-	-	-	276
Unrestricted (deficit)	(470,873)	703,515	56,077	(192,186)	754,923	851,456
<b>TOTAL NET ASSETS(DEFICIT)</b>	<b>\$ 251,361</b>	<b>\$ 703,515</b>	<b>\$ 111,450</b>	<b>\$ (384,686)</b>	<b>\$ 754,923</b>	<b>\$ 1,436,563</b>

The accompanying notes are an integral part of these financial statements.

**CITY OF SOUTH HAVEN**

**COMPONENT UNITS  
COMBINING STATEMENT OF ACTIVITIES**

**FOR THE YEAR ENDED JUNE 30, 2004**

	DOWNTOWN DEVELOPMENT AUTHORITY	LOCAL DEVELOPMENT FINANCE AUTHORITY#1	LOCAL DEVELOPMENT FINANCE AUTHORITY#2	LOCAL DEVELOPMENT FINANCE AUTHORITY#3	BROWNFIELD REDEVELOPMENT AUTHORITY	TOTAL
EXPENDITURES						
Community development	\$ 214,319	\$ 29,571	\$ -	\$ -	\$ 164,025	\$ 407,915
Debt service:						
Interest and fiscal charges	145,821	-	-	-	-	145,821
Other	456,980	655,000	18,770	151,667	45,235	1,327,652
<b>TOTAL EXPENDITURES</b>	<b>817,120</b>	<b>684,571</b>	<b>18,770</b>	<b>151,667</b>	<b>209,260</b>	<b>1,881,388</b>
REVENUES						
Program revenues						
Federal	-	-	-	482,388	-	482,388
General revenues						
State	-	-	-	-	10,235	10,235
Property taxes	675,699	471,163	27,996	181,135	260,638	1,616,631
Interest income	860	5,404	402	-	6,180	12,846
Other	359,515	-	-	128,550	547	488,612
<b>TOTAL REVENUES</b>	<b>1,036,074</b>	<b>476,567</b>	<b>28,398</b>	<b>792,073</b>	<b>277,600</b>	<b>2,610,712</b>
<b>CHANGE IN NET ASSETS</b>	<b>218,954</b>	<b>(208,004)</b>	<b>9,628</b>	<b>640,406</b>	<b>68,340</b>	<b>729,324</b>
<b>NET ASSETS (DEFICIT), BEGINNING OF YEAR</b>	<b>32,407</b>	<b>911,519</b>	<b>101,822</b>	<b>(1,025,092)</b>	<b>686,583</b>	<b>707,239</b>
<b>NET ASSETS (DEFICIT), END OF YEAR</b>	<b>\$ 251,361</b>	<b>\$ 703,515</b>	<b>\$ 111,450</b>	<b>\$ (384,686)</b>	<b>\$ 754,923</b>	<b>\$ 1,436,563</b>

The accompanying notes are an integral part of these financial statements

***CITY OF SOUTH HAVEN***

***FIDUCIARY FUNDS  
STATEMENT OF NET ASSETS***

***JUNE 30, 2004***

<u>ASSETS</u>		<u>AGENCY FUNDS</u>
Cash and cash equivalents		\$ 69,667
Investments		<u>7,945</u>
<u>TOTAL ASSETS</u>		<u>\$ 77,612</u>
<u>LIABILITIES</u>		
Deposits		\$ 42,024
Accounts payable		32,593
Due to other governments		<u>2,995</u>
<u>TOTAL LIABILITIES</u>		<u>\$ 77,612</u>

The accompanying notes are an integral part of these financial statements.

# CITY OF SOUTH HAVEN

## NOTES TO FINANCIAL STATEMENTS

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### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the City of South Haven (the "City") conform to generally accepted accounting principles as applicable to governmental units. The following is a summary of the significant accounting policies.

#### Reporting Entity

The City is governed by an elected mayor and six member council. As required by generally accepted accounting principles, these financial statements present the City of South Haven and its component units. The individual component units discussed below are included in the City's reporting entity because they are entities for which the government is considered to be financially accountable.

#### Blended Component Unit

The Building Authority is governed by a Board that is appointed by the City Council. Although it is legally separate from the City, it is reported as if it were part of the primary government because its primary purpose is to finance and construct the City's public buildings.

#### Discrete Component Units

The following component units are reported within the component units column and rows in the government-wide financial statements. These component units provide services to the businesses located within the various districts. They are reported in a separate column to emphasize that they are legally separate from the City. Separate financial statements of these component units have not been issued.

- a. The Downtown Development Authority was created to correct and prevent deterioration in the Downtown district, encourage historical preservation and to promote economic growth within the downtown district. The Authority's governing body, which consists of nine individuals, is appointed by the City's Mayor and confirmed by City Council. In addition, the Authority's budget is subject to approval by the City Council.
- b. The three Local Development Finance Authorities were created to develop a program of ongoing industrial development, retention and expansion, reclamation of vacant industrial buildings and sites, environmental corrections, industrial park expansion, infrastructure improvements, as well as industrial and community promotion. The LDFA's governing bodies, which consists of ten members, are composed of seven members selected by the City Council, two members selected by the South Haven School Board, and one member selected by Van Buren County. In addition, the LDFA's budgets are subject to approval by the City Council.
- c. The Brownfield Redevelopment Authority accounts for "captured" tax revenue on specific properties within the City that have been identified and approved by the State of Michigan as brownfields requiring site reclamation. These revenues are used to reimburse property owners for expenses incurred for brownfield cleanup. The City Council appoints the governing body of the Authority and approves the Authority's budget.

The City's officials are also responsible for appointing members to the Board of the South Haven Memorial Library, but the City's accountability for this organization does not extend beyond making these appointments. The City Council appoints five of the voting board members. The Library Board is made up of a total of seven voting board members.

# CITY OF SOUTH HAVEN

## NOTES TO FINANCIAL STATEMENTS

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### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### **Government-Wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the non-fiduciary activities of the City's primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for services. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

#### **Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements, except for agency funds, which do not have a measurement focus. Revenues are recorded when earned and expenses are recorded when liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. After March 1 of each year, the County pays the City for, and is responsible for collecting, any outstanding real property taxes as of that date. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, expenditures for debt service and compensated absences are recorded only when payment is due.

# CITY OF SOUTH HAVEN

## NOTES TO FINANCIAL STATEMENTS

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### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property taxes, intergovernmental revenue, charges for services and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the City.

The City reports the following major governmental funds:

The *General Fund* is the City's primary operating fund. It accounts for all the financial resources of the general government, except those required to be accounted for in another fund.

The *Sewer Rehabilitation Capital Project Fund* accounts for reconstruction of various connections to the City's wastewater system.

The City reports the following major proprietary funds:

The *Electric Enterprise Fund* accounts for the provision of electric services to the residences and businesses of the City and surrounding area. Activities necessary to provide such services include, but are not limited to, sales, administration, operations, maintenance and construction.

The *Water Enterprise Fund* accounts for the provision of water services to the residences and businesses of the City and the surrounding area. Activities necessary to provide such services include, but are not limited to, sales, administration, operations, maintenance and construction.

The *Sewer Enterprise Fund* accounts for the provision of sewer services to the residence, and businesses of the City and surrounding area. Activities necessary to provide services include, but are not limited to, sales, administration, operations, maintenance and construction.

Additionally, the City reports the following fund types:

#### **Governmental Funds**

The *Special Revenue Funds* are used to account for revenue from specific revenue sources (other than major capital projects) and related expenditures which are restricted for specific purposes by administrative action or law.

The *Debt Service Funds* are used to account for the resources accumulated and payments made for principal and interest on long-term debt of governmental funds.

The *Capital Projects Funds* are used to account for the accumulation of resources and disbursements for construction projects of governmental funds.

The *Permanent Fund* is used to record the activity of the Cemetery Trust which provides funds for perpetual care of cemetery lots.



# CITY OF SOUTH HAVEN

## NOTES TO FINANCIAL STATEMENTS

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### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### **Proprietary Funds**

*Enterprise Funds* are used to account for operations that are financed and operated in a manner similar to private business enterprises – where the intent of the City is that the costs (expenses, including depreciation) of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges.

*Internal Service Funds* are used to account for data processing, motor pool equipment purchases, and insurance coverage provided to City departments on a cost reimbursement basis. The City is the primary participant in internal service fund activities.

#### **Fiduciary Funds**

*Agency Funds* are used to account for assets held on behalf of outside parties, including other governments.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989 generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the government's water and sewer function and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds are charges for services. The principal operating revenues of the City's internal service funds are charges to City departments for equipment utilization and information services. Operating expenses for the enterprise fund include depreciation on capital assets, administration operations and maintenance. Operating expenses for the internal service funds include the cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenue and expenses.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

# CITY OF SOUTH HAVEN

## NOTES TO FINANCIAL STATEMENTS

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### Property Taxes

City property taxes are attached as an enforceable lien on property as of December 31. Summer taxes are levied July 1 and are due without penalty on or before September 19. Winter taxes are levied on December 1 and are due without penalty on or before February 14. The City bills and collects its own property taxes. Collections of property taxes and remittances for the state education fund and local school districts are accounted for in the Agency Funds.

#### Restricted Assets

Certain proceeds of general obligation bonds, as well as certain resources set aside for repayment of enterprise fund debt and balances required by bond covenants, are classified as restricted assets on the statement of net assets because their use is limited by applicable bond covenants.

#### Investments

Investments are stated at fair value at the balance sheet date.

#### Receivables

All receivables are recorded at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

#### Inventories and Prepaid Items

All inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories of governmental funds are recorded as expenditures when purchased rather than when consumed.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

#### Deferred Revenue

Governmental funds report *deferred revenue* in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period or for resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of *deferred revenue* reported in the governmental funds were as follows:

General Fund	
Property taxes receivable	\$ 44,929
Nonmajor Funds	
Property taxes receivable	8,753
Grant draw downs prior to meeting eligibility requirements	39,721
	<u>48,474</u>
<b>Total deferred revenues</b>	<b><u>\$ 93,403</u></b>

**CITY OF SOUTH HAVEN**  
**NOTES TO FINANCIAL STATEMENTS**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Capital Assets**

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$1,000 and an estimated useful life in excess of two years. Such assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated capital assets are valued at their estimated fair market value on the date received.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. The total interest expense incurred by the City during the current fiscal year was \$439,299.

Depreciation on capital assets (including infrastructure) of the primary government, as well as the component units, is computed using the straight-line method over the following estimated useful lives:

	<u>Years</u>
Land improvements	20
Buildings	40
Office furniture and equipment	3-5
Vehicles	5-10
Public domain infrastructure	40
System infrastructure	20

**Compensated Absences**

It is the government's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since the City does not have a policy to pay any amounts when employees separate from service with the government. All vacation pay is accrued when incurred in the government-wide, proprietary, and fiduciary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

**Long-term Obligations**

In the government-wide financial statements and proprietary fund types in the fund financial statements, the long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

# CITY OF SOUTH HAVEN

## NOTES TO FINANCIAL STATEMENTS

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### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

#### **Deposits and Investments**

The government's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

State statutes authorize the City to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds, repurchase agreements, and the State Treasurer's Investment Pool.

Investments for the government, as well as for its component units, are reported at fair value. The State Treasurer's Investment Pool operates in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

#### **Receivables and Payables**

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

# CITY OF SOUTH HAVEN

## NOTES TO FINANCIAL STATEMENTS

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change. Details on these reservations and designations follow:

	<u>General Fund</u>	<u>Non-major Governmental Funds</u>
Reserved:		
Prepaid expenditures	\$38,543	\$ -
Capital projects	-	174,616
Special revenue	-	331,957
Debt service	-	48,333
<b>Total</b>	<b>\$38,543</b>	<b>\$554,906</b>

#### Interfund Transactions

Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

All other interfund transactions are reported as transfers.

### 2. EXCESS OF EXPENDITURES OVER APPROPRIATIONS IN BUDGETARY FUNDS

#### Budgets and Budgetary Accounting

Budgets are legally adopted for the General, Special Revenue Funds and Debt Service Funds on the modified accrual basis of accounting. Management can transfer appropriations within each fund without seeking Council approvals. Any amendments which increase total appropriations for a fund must have Council approval. Supplemental appropriations were necessary during the year. Appropriations lapse at year end.

P.A. 621 of 1978, Section 18(1), as amended, provides that a local unit shall not incur expenditures in excess of the amount appropriated.

In the body of the financial statements, the City's actual expenditures and budgeted expenditures for the budgetary funds have been shown on a functional basis. The approved budgets of the City for these budgetary funds were adopted on the activity level.

# CITY OF SOUTH HAVEN

## NOTES TO FINANCIAL STATEMENTS

### 2. EXCESS OF EXPENDITURES OVER APPROPRIATIONS IN BUDGETARY FUNDS (CONTINUED)

During the year ended June 30, 2004, the City incurred expenditures and operating transfers out which were in excess of the amount appropriated, as follows:

	<u>Total</u> <u>Appropriations</u>	<u>Amount of</u> <u>Expenditures</u>	<u>Budget</u> <u>Variance</u>
General Fund:			
Hospital	\$ 76,909	\$ 77,663	\$ 754
Library	124,930	127,389	2,459
Special Revenue Funds:			
Major Street Fund			
Transfers out	73,559	78,322	4,763

### 3. DEFICIT FUND EQUITY

At June 30, 2004 the City had deficit fund balances in certain funds as follows:

Sewer Rehabilitation Fund	\$119,129
Special Revenue Funds	
Site Reclamation	2,523
Component Units	
DDA Tax Increment Debt Service Fund	470,873
Local Development Finance Authority #3	192,186

Management plans to eliminate the deficits through the recognition of revenues in subsequent years. The deficit elimination plan had not been filed with the State of Michigan as of our report date.

### 4. DEPOSITS AND INVESTMENTS

A reconciliation to the captions on the statement of net assets relating to cash and cash equivalents to deposits for footnote purposes is as follows:

Cash and cash equivalents – Primary Government	\$7,761,445
Cash and cash equivalents – Component Units	114,512
Restricted cash and cash equivalents	80,384
Fiduciary funds	69,667
Cash and cash equivalents	<u>8,026,008</u>
Deposits included in investments	
Certificates of deposit	1,504,640
Money market funds	<u>331,216</u>
<b>Total deposits</b>	<b><u>\$9,861,864</u></b>

**CITY OF SOUTH HAVEN**  
**NOTES TO FINANCIAL STATEMENTS**

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**4. DEPOSITS AND INVESTMENTS (CONTINUED)**

	<u><b>Bank Balance</b></u>
Summary of insured and uninsured bank deposits are:	
Insured (FDIC)	\$ 1,700,000
Uninsured, uncollateralized	<u>3,853,565</u>
<b>Total</b>	<u><b>\$ 5,553,565</b></u>

The City believes that, due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all bank deposits. As a result, the City evaluates each financial institution it deposits City funds with and assesses level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

**Investments**

State statutes authorize the City to invest in the following:

- a. Bonds, securities, other obligations and repurchase agreements of the United States, or an agency or instrumentality of the United States.
- b. Certificates of deposit, savings accounts, deposit accounts or depository receipts of a qualified financial institution.
- c. Commercial paper rated at the time of purchase within the two highest classifications established by not less than two standard rating services and that matures not more than 270 days after the date of purchase.
- d. Bankers acceptances of United States banks.
- e. Obligations of the State of Michigan and its political subdivisions that, at the time of purchase, are rated as investment grade by at least one standard rating service.
- f. Mutual funds registered under the Investment Company Act of 1940 with the authority to purchase only investment vehicles that are legal for direct investment by a public corporation.
- g. External investment pools as authorized by Public Act 20 as amended through 12/31/97.

# CITY OF SOUTH HAVEN

## NOTES TO FINANCIAL STATEMENTS

### 4. CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

The City's investments are categorized to give an indication of the level of custodial risk assumed by the entity at year end.

<u>Investments</u>	<u>Category</u>			<u>Fair Value</u>
	<u>(1)</u>	<u>(2)</u>	<u>(3)</u>	
<u>Investment Type</u>				
Bonds	\$ 874,500	\$ -	\$ -	\$ 874,500
Commercial Paper	843,003	-	-	843,003
<b>Total</b>	<b><u>\$1,717,503</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$1,717,503</u></b>

The categories of risk disclosure are as follows:

- (1) Insured or Registered, or Securities held by the City or the City's agent in the City's name.
- (2) Uninsured and Unregistered, with Securities held by the Counterparty's Trust Department or its agent in the City's name.
- (3) Uninsured and Unregistered, with Securities held by the Counterparty or by its Trust Department or Agent but not in the City's name.

### 5. INTERFUND RECEIVABLES AND PAYABLES

The following are the interfund receivables and payables at June 30, 2004:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
<b>PRIMARY GOVERNMENT</b>		
<b>Special Revenue Funds:</b>		
Major Street	\$ 7,500	\$13,293
Local Street	13,293	7,500
<b>Total Special Revenue Funds</b>	<b><u>20,793</u></b>	<b><u>20,793</u></b>
<b>Enterprise Funds:</b>		
Black River Park	-	74,000
Marina Fund	74,000	-
<b>Total Enterprise Funds</b>	<b><u>74,000</u></b>	<b><u>74,000</u></b>
<b>TOTAL PRIMARY GOVERNMENT</b>	<b><u>\$94,793</u></b>	<b><u>\$94,793</u></b>

Due from/to balances reflect cash transfers primarily made to provide operating liquidity due to timing differences of revenues and expenditures.



# CITY OF SOUTH HAVEN

## NOTES TO FINANCIAL STATEMENTS

### 6. LONG-TERM ADVANCES AND INTERFUND TRANSFERS

The following amounts are interfund advances of a long-term nature between the primary government and component unit:

	<u>Advances To</u>	<u>Advances From</u>
<b>PRIMARY GOVERNMENT</b>		
<b>Capital Projects Fund</b>		
Cemetery Improvement	\$ 33,436	\$ -
<b>Enterprise Fund</b>		
Electric	44,255	
Black River Park	1,500	-
Municipal Marina	166,504	-
<b>Internal Service Fund</b>		
Motor Pool	181,862	-
<b>COMPONENT UNIT</b>		
DDA Tax Increment	-	427,557
<b>Total</b>	<u>\$427,557</u>	<u>\$427,557</u>

Advances to/from other funds reflect long term cash transfers due to improvements made now that will be funded by tax collections in future years.

Interfund Transfers within the Primary Government are as follows:

	<u>In</u>	<u>Out</u>
<b>Governmental Funds:</b>		
General Fund	\$ -	\$ 523,859
Major Streets	-	78,322
Local Streets	83,763	-
Street Millage	-	364,080
Capital Improvement Bonds	427,750	-
Capital Projects	502,559	674,000
St. Joseph Rehabilitation Project	1,291,788	2,898,598
Community Block Grant	320	320
River Maintenance	14,020	-
Cemetery- Perpetual Care	10,859	-
<b>Proprietary Funds:</b>		
Electric Fund	-	227,750
Water Fund	1,404,951	119,198
Sewer Fund	1,493,647	334,509
Black River Park Fund	-	3,013
Marina Fund	-	11,008
Internal Service Fund	5,000	-
<b>Total</b>	<u>\$5,234,657</u>	<u>\$5,234,657</u>

# CITY OF SOUTH HAVEN

## NOTES TO FINANCIAL STATEMENTS

### 7. CAPITAL ASSETS

A summary of changes in Capital Assets is as follows:

	Balance July 1, 2003	Additions	Disposals	Balance June 30, 2004
<b>Governmental activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 314,619	\$ 45,872	\$ -	\$ 360,491
Total capital assets, not being depreciated	<u>314,619</u>	<u>45,872</u>	<u>-</u>	<u>360,491</u>
Capital assets, being depreciated:				
Land Improvements	2,438,828	36,308	-	2,475,136
Buildings and improvements	1,426,750	34,990	-	1,461,740
Machinery and equipment	2,788,839	173,653	281,782	2,680,710
Infrastructure	18,278,173	3,812,660	-	22,090,833
Total capital assets being depreciated	<u>24,932,590</u>	<u>4,057,611</u>	<u>281,782</u>	<u>28,708,419</u>
Less accumulated depreciation for:				
Land Improvements	1,616,854	134,652	-	1,751,506
Buildings	822,385	52,736	-	875,121
Equipment	1,683,221	104,094	279,693	1,507,622
Infrastructure	12,808,609	498,227	-	13,306,836
Total accumulated depreciation	<u>16,931,069</u>	<u>789,709</u>	<u>279,693</u>	<u>17,441,085</u>
Total capital assets, being depreciated, net	<u>8,001,521</u>	<u>3,267,902</u>	<u>2,089</u>	<u>11,267,334</u>
Governmental activities capital assets, net	<u>\$ 8,316,140</u>	<u>\$ 3,313,774</u>	<u>\$ 2,089</u>	<u>\$ 11,627,825</u>

**CITY OF SOUTH HAVEN**  
**NOTES TO FINANCIAL STATEMENTS**

**7. CAPITAL ASSETS (CONTINUED)**

	Balance July 1, 2003	Additions	Disposals	Balance June 30, 2004
<b>Business-type activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 59,358	\$ -	\$ (36,296)	\$ 23,062
Total capital assets, not being depreciated	<u>59,358</u>	<u>-</u>	<u>(36,296)</u>	<u>23,062</u>
Capital assets, being depreciated:				
Land improvements	1,349,206	1,979,985	(418,273)	2,910,918
Buildings and improvements	11,039,927	-	(614,345)	10,425,582
Utility system	18,085,324	2,898,598	-	20,983,922
Machinery and equipment	1,041,058	48,911	-	1,089,969
Total capital assets, being depreciated	<u>31,515,515</u>	<u>4,927,494</u>	<u>(1,032,618)</u>	<u>35,410,391</u>
Less accumulated depreciation for:				
Land improvements	850,705	91,091	(418,273)	523,523
Buildings and improvements	4,079,687	196,245	-	4,275,932
Utility system	10,403,565	286,668	-	10,690,233
Machinery and equipment	601,366	51,353	-	652,719
Total accumulated depreciation	<u>15,935,323</u>	<u>625,357</u>	<u>(418,273)</u>	<u>16,142,407</u>
Total capital assets, being depreciated, net	<u>15,580,192</u>	<u>4,302,137</u>	<u>(614,345)</u>	<u>19,267,984</u>
Business-type activities capital assets, net	<u>\$ 15,639,550</u>	<u>\$ 4,302,137</u>	<u>\$ (650,641)</u>	<u>\$ 19,291,046</u>
<b>Component Units:</b>				
Capital assets, not being depreciated:				
Land	\$ 355,193	\$ -	\$ (142,320)	\$ 212,873
Capital assets, being depreciated:				
Land improvements	54,334	-	-	54,334
Buildings and improvements	4,496,914	-	-	4,496,914
Total capital assets, being depreciated	<u>4,551,248</u>	<u>-</u>	<u>-</u>	<u>4,551,248</u>
Less accumulated depreciation for:				
Land improvements	38,034	1,902	-	39,936
Buildings and improvements	648,151	16,203	-	664,354
Total accumulated depreciation	<u>686,185</u>	<u>18,105</u>	<u>-</u>	<u>704,290</u>
Total capital assets, being depreciated, net	<u>3,865,063</u>	<u>(18,105)</u>	<u>-</u>	<u>3,846,958</u>
Component unit capital assets, net	<u>\$ 4,220,256</u>	<u>\$ (18,105)</u>	<u>\$ (142,320)</u>	<u>\$ 4,059,831</u>

# CITY OF SOUTH HAVEN

## NOTES TO FINANCIAL STATEMENTS

### 7. CAPITAL ASSETS (CONTINUED)

Depreciation expenses were charged to functions/programs of the primary government as follows:

Governmental activities:	
General government	\$126,353
Public safety	272,450
Public works	244,810
Highways and streets	51,331
Health and welfare	39,485
Recreation and culture	<u>55,280</u>
Total depreciation expense – governmental activities	<u>\$789,709</u>
Business-type activities:	
Electric	\$203,629
Water	174,951
Sewer	141,652
Beach	12,125
Black River Park	27,930
Marina	<u>65,070</u>
Total depreciation expense – business type activities	<u>\$625,357</u>

### 8. LONG-TERM DEBT

	Balance June 30, 2003	Additions	Deletions	Balance June 30, 2004	Due Within One Year
<b>Governmental Activities</b>					
<b>General Obligation Debt:</b>					
\$1,895,000, 1996 Building Authority Bonds, (refinanced) due in annual installments of \$95,000 to \$245,000 through June 2010, including interest at 4.10% and 5.40%.	\$1,300,000	\$-	\$135,000	\$1,165,000	\$160,000
\$3,700,000, Building Authority Bonds, Series 2001 (Limited Tax General Obligation), due in annual installments of \$125,000 to \$275,000 through November 2021, including interest at 3.25% and 4.50%.	3,575,000	-	130,000	3,445,000	135,000
\$5,800,000 Limited tax general obligation series Capital improvement bonds due in annual installments of \$150,000 to \$380,000 through May 2027 including interest at 2.5% to 4.625%	5,695,000	-	150,000	5,545,000	155,000
Accumulated employee benefits	123,245	304,149	150,800	276,594	150,800
<b>Total General Obligation Debt</b>	<u>10,693,245</u>	<u>304,149</u>	<u>565,800</u>	<u>10,431,594</u>	<u>600,800</u>

**CITY OF SOUTH HAVEN**  
**NOTES TO FINANCIAL STATEMENTS**

**8. LONG-TERM DEBT (CONTINUED)**

	Balance June 30, 2003	Additions	Deletions	Balance June 30, 2004	Due Within One Year
<b>Internal Service Funds:</b>					
\$500,000 Motor Pool Installment Purchase Contract Fire Truck, payable through April 1, 2007 in semi- annual installments of \$50,000 including interest at 3.9%.	\$400,000	\$-	\$100,000	\$300,000	\$100,000
<b>Total Internal Service Funds</b>	<b>400,000</b>	<b>-</b>	<b>100,000</b>	<b>300,000</b>	<b>100,000</b>
<b>Total Governmental Activities</b>	<b>11,093,245</b>	<b>153,349</b>	<b>515,000</b>	<b>10,731,594</b>	<b>700,800</b>
<b>Business-type Activities</b>					
\$2,200,000 Electric Utility System Revenue Bonds series 1996, due in annual installments of \$65,000 to \$180,000 through September 2016, interest at 4.25% to 7.25%.	1,765,000	-	85,000	1,680,000	90,000
\$470,000 Water System Supply Revenue Bonds, series 2001, due in semi-annual installments of \$15,000 to \$35,000 through April 2021, interest at 3.8% to 5.35%.	440,000	-	15,000	425,000	15,000
<b>Total Business-type Activities</b>	<b>2,205,000</b>	<b>-</b>	<b>100,000</b>	<b>2,105,000</b>	<b>105,000</b>
<b>Component Unit Debt:</b>					
\$3,395,000, Tax Increment Refunding Bonds, Series 2001 (Limited Tax General Obligation), due in annual installments of \$100,000 to \$360,000 through May 2015, including interest at 3.25% to 4.50%.	3,270,000	-	145,000	3,125,000	185,000
\$350,000, 2004 MEDC/CDBG Loan Repayment, due April 2016, non-interest bearing.	-	350,000	-	350,000	15,218
\$545,300, State Urban Land Act Payable, Due March 2005, non-interest bearing.	235,460	-	235,460	-	-
<b>Total component unit</b>	<b>3,505,460</b>	<b>350,000</b>	<b>380,460</b>	<b>3,475,000</b>	<b>200,218</b>
<b>Total Long-Term Debt-Reporting Entity</b>	<b>\$16,803,705</b>	<b>\$503,349</b>	<b>\$995,460</b>	<b>\$16,311,594</b>	<b>\$1,006,018</b>

# CITY OF SOUTH HAVEN

## NOTES TO FINANCIAL STATEMENTS

### 8. LONG-TERM DEBT (CONTINUED)

The annual requirements to amortize all debt outstanding as of June 30, 2004 (excluding accumulated employee benefits) are as follows:

Year Ending June 30,	Primary Government				Component Units	
	Governmental Activities		Business-type Activities			
	Principal	Interest	Principal	Interest	Principal	Interest
2005	\$ 550,000	424,761	\$ 105,000	\$109,320	\$ 200,217	\$127,473
2006	555,000	408,403	110,000	102,006	240,435	121,368
2007	605,000	391,753	120,000	94,323	265,435	114,018
2008	510,000	372,310	125,000	86,445	300,435	105,558
2009	525,000	352,007	130,000	79,258	310,435	95,298
2010-2014	1,885,000	1,379,913	785,000	279,931	1,737,173	295,279
2015-2019	2,210,000	1,089,747	660,000	76,844	420,870	16,560
2020-2024	2,525,000	557,951	70,000	5,618	-	-
2025-2027	1,090,000	102,444	-	-	-	-
<b>Total</b>	<b>\$10,455,000</b>	<b>5,079,290</b>	<b>\$2,105,000</b>	<b>\$833,745</b>	<b>\$3,475,000</b>	<b>\$875,554</b>

The accumulated employee benefits represent the estimated liability to be paid to governmental fund type employees under the City's sick and vacation pay policy, net of the portion that is estimated will be paid with expendable available financial resource (which has been recorded as a liability in the applicable governmental fund). The long-term portion of accrued sick pay is funded by the City's Employees' Retirement Sick Leave Special Revenue Fund. Under the City's policy, employees earn sick and vacation time based on time of service with the City. For governmental activities, accumulated employee benefits are generally liquidated by the general fund.

### 9. RISK MANAGEMENT

The City is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation). The City participates in the Michigan Municipal League risk pool for claims relating to workers' compensation and the Michigan Municipal Risk Management Authority for all other claims.

The Michigan Municipal League risk pool program operates as a common risk-sharing management program for local units of government in Michigan; member premiums are used to purchase commercial excess insurance coverage and to pay member claims in excess of deductible amounts.

The Michigan Municipal Risk Management Authority risk pool operates as a claims servicing pool for amounts up to member retention limits, and operates as a common risk-sharing management program for losses in excess of member retention amounts. Although premiums are paid annually to the Authority that the Authority uses to pay claims up to the retention limits, the ultimate liability for those claims remains with the City. The City has elected to participate in the Authority's stop loss program, which limits the paid losses, under most circumstances, to \$75,000 in any one year.

# CITY OF SOUTH HAVEN

## NOTES TO FINANCIAL STATEMENTS

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### 10. CONTINGENCIES

The City is a defendant in several litigations. The civil suits will likely be covered by the City's liability insurance, and City Management considers the City's exposure under other suits to be immaterial. No provision for any loss has been made in the financial statements.

### 11. POST-EMPLOYMENT BENEFITS

The City provides health care benefits to all full-time employees upon retirement, in accordance with labor contracts. Currently, nine (9) retirees are eligible. The City includes pre-Medicare retirees and their dependents in an independent health care plan, with 50 percent contribution required by the employee and 100 percent contributions by dependents. Expenditures for post-employment health care benefits are recognized as claims are paid. During the year, this amounted to approximately \$20,328.

### 12. PENSION PLANS

#### Defined Benefit Plan

#### Plan Description

The City participates in the Municipal Employees' Retirement System of Michigan (MERS), an agent multi-employer defined benefit pension plan providing retirement, death and disability benefits covering all City employees. The System is administered by the MERS retirement board. Act No. 427 of the Public Acts of 1984, as amended, establishes and amends the benefit provisions of the participants in MERS. A publicly available financial report that includes financial statements and required supplementary information for MERS may be obtained by writing to the Municipal Employees Retirement System of Michigan, 1134 Municipal Way, Lansing, Michigan 48917 or by calling (800) 767-6377.

The City is required to contribute at an actuarially determined rate; the current year amount was \$-0-. Participating employees are required to contribute to the Plan between four (4.0) and six (6.0) percent of gross wages, depending on collective bargaining agreements and the City personnel handbook. The contribution requirements of the City and employees are established and may be amended by the MERS Retirement Board.

For the year ended June 30, 2004, the City's annual pension cost of \$-0- for MERS was equal to the City's required and actual contributions. The required contribution was determined as part of the December 31, 2002 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions included: (a) a rate of return on the investment of present and future assets of eight (8.0) percent; and (b) projected salary increases of four and one-half (4.5) percent per year compounded annually, plus a percentage based on an age-related scale to reflect merit, longevity and promotional salary increases. The actuarial value of MERS assets was determined on the basis of a valuation method that assumes the fund earns the expected rate of return and includes an adjustment to reflect market value. The City's unfounded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at December 31, 2003, the date of the latest actuarial valuation, was 30 years.

# CITY OF SOUTH HAVEN

## NOTES TO FINANCIAL STATEMENTS

### 12. PENSION PLANS (CONTINUED)

#### Three-Year Trend Information

<u>Year Ended</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
2002	\$ -	100%	\$ -
2003	-	100%	-
2004	-	100%	-

#### Schedule of Funding Progress

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (AAL) Entry Age (b)</u>	<u>Unfunded (Overfunded) AAL (UAAL) (b-a)</u>	<u>Funded Ratio Total</u>	<u>Covered Payroll (c)</u>	<u>UAAL as a Percentage of Covered Payroll ((b-a)/c)</u>
12/31/2001	\$18,105,637	\$12,451,723	\$(5,653,914)	145%	\$3,209,369	(176)%
12/31/2002	17,991,314	13,303,294	(4,688,020)	135%	3,144,661	(149)%
12/31/2003	18,695,210	14,120,485	(4,574,725)	132%	3,242,705	(141)%

#### Defined Contribution Plan

The City provides a defined contribution retirement plan for the City Manager through the International City and City Managers Administration (ICMA). The contribution plan for the City Manager is determined through a contractual arrangement with the City and the contribution rate is currently set at fifteen (15.0) percent of the Manager's gross salary, less any vehicle allowance. The salary covered under the defined contribution plan for the period ended June 30, 2004 was \$84,897. The total contribution made to the plan was equal to the amount required of \$12,735.

### 13. JOINT VENTURES

The City, along with Casco Township, Geneva Township, and South Haven Charter Township, is a member of the South Haven Area Emergency Services Authority ("SHAES"). On dissolution of the Authority, all property which is titled to or otherwise owned by the City or Townships shall remain the property of the City or respective Township. All monies and funds which are the property of the Authority shall be distributed between the City and Townships in accordance with the most recent contribution percentages, after deducting any expenses associated with the dissolution of the Board and the Authority. The City's equity percentage at June 30, 2004 was 41 percent.

The Authority Board is governed by an administrative board of five members consisting of two members appointed by the City and one member by each of the three Townships.

The City's equity interest in the Authority at December 31, 2003 is \$746,388. Complete financial statements for the Authority can be obtained from the City of South Haven Finance Department.

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**COMBINING AND INDIVIDUAL FUND FINANCIAL  
STATEMENTS AND SCHEDULES**

## GENERAL FUND

The *General Fund* accounts for resources traditionally associated with governments that are not required to be accounted for in another fund. In the City of South Haven the functions of the General Fund include Legislative, General Administration, Parks, Police, Fire, Development and Public Services activities not recorded in Special Revenue or Enterprise Funds. The General Fund is the designated repository per Michigan law for ad valorem property taxes. Other revenue sources for the General Fund are state shared revenues, transfers from other funds, fees and interest.

## CITY OF SOUTH HAVEN

**GENERAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**AMENDED BUDGET AND ACTUAL**

FOR THE YEAR ENDED JUNE 30, 2004

	ORIGINAL BUDGET	AMENDED BUDGET	ACTUAL	VARIANCE TO AMENDED BUDGET POSITIVE (NEGATIVE)
REVENUES				
TAXES				
Real and personal property tax	\$ 2,646,471	\$ 2,646,471	\$ 2,644,361	\$ (2,110)
Payments in lieu of taxes	651,199	662,199	662,057	(142)
Collection fees	125,000	125,000	135,233	10,233
TOTAL TAXES	3,422,670	3,433,670	3,441,651	7,981
LICENSES AND PERMITS				
Business	57,960	57,960	57,801	(159)
Nonbusiness	108,750	146,750	179,023	32,273
TOTAL LICENSES AND PERMITS	166,710	204,710	236,824	32,114
STATE SOURCES				
State-shared revenue	555,000	513,000	508,779	(4,221)
Liquor license fees	7,500	7,500	8,531	1,031
TOTAL STATE SOURCES	562,500	520,500	517,310	(3,190)
CHARGES FOR SERVICES				
Planning and zoning fees	11,600	11,600	11,959	359
Foundations-cemetery	-	6,500	8,695	2,195
Grave openings	-	15,600	14,350	(1,250)
Cemetery lot use	-	12,500	18,608	6,108
Charges for services	340,306	340,306	340,306	-
TOTAL CHARGES FOR SERVICES	351,906	386,506	393,918	7,412
FINES AND FORFEITS				
Ordinance fines	11,000	11,000	15,660	4,660
Other fines	7,200	7,200	9,975	2,775
TOTAL FINES AND FORFEITS	18,200	18,200	25,635	7,435
INTEREST AND RENTALS	43,498	43,498	71,679	28,181
OTHER REVENUE	213,726	238,726	348,118	109,392
TOTAL REVENUES	4,779,210	4,845,810	5,037,532	191,722

(Continued)

**CITY OF SOUTH HAVEN**

**GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
AMENDED BUDGET AND ACTUAL (CONTINUED)**

**FOR THE YEAR ENDED JUNE 30, 2004**

	ORIGINAL BUDGET	AMENDED BUDGET	ACTUAL	VARIANCE TO AMENDED BUDGET POSITIVE (NEGATIVE)
<b>EXPENDITURES</b>				
<b>GENERAL GOVERNMENT</b>				
City council	\$ 40,391	\$ 33,391	\$ 28,849	\$ 4,542
City manager	145,828	153,828	152,111	1,717
Elections	25,785	23,035	18,496	4,539
Finance department	167,360	162,860	156,060	6,800
City assessor	115,359	115,359	105,748	9,611
Legal counsel	70,000	90,000	88,613	1,387
City clerk	23,118	24,368	23,262	1,106
Treasurer	36,173	34,173	31,220	2,953
City Hall and grounds	174,958	174,958	160,117	14,841
Cemetery	75,476	93,626	87,885	5,741
Cable tv broadcasting	52,994	14,994	13,642	1,352
Other personnel activities	26,157	18,300	14,131	4,169
Insurance and bonds	55,200	55,200	37,528	17,672
<b>TOTAL GENERAL GOVERNMENT</b>	<b>1,008,799</b>	<b>994,092</b>	<b>917,662</b>	<b>76,430</b>
<b>PUBLIC SAFETY</b>				
Police department	1,528,749	1,530,567	1,509,969	20,598
Dispatch department	266,519	271,683	268,355	3,328
Ambulance	146,363	141,355	141,351	4
Fire Authority	466,590	477,487	477,481	6
Building inspections	195,232	225,482	218,962	6,520
<b>TOTAL PUBLIC SAFETY</b>	<b>2,603,453</b>	<b>2,646,574</b>	<b>2,616,118</b>	<b>30,456</b>
<b>PUBLIC WORKS</b>				
City engineer	72,156	62,156	54,142	8,014
Highways and streets	373,444	373,444	365,580	7,864
Drains	35,481	71,751	68,516	3,235
Street lighting	70,000	70,000	70,000	-
<b>TOTAL PUBLIC WORKS</b>	<b>551,081</b>	<b>577,351</b>	<b>558,238</b>	<b>19,113</b>
<b>HEALTH AND WELFARE</b>				
Animal control	7,000	7,000	7,000	-
Hospital	75,909	76,909	77,663	(754)
Senior Services	51,682	51,682	51,452	230
<b>TOTAL HEALTH AND WELFARE</b>	<b>134,591</b>	<b>135,591</b>	<b>136,115</b>	<b>(524)</b>
<b>RECREATION AND CULTURE</b>				
Parks department	108,077	182,409	166,447	15,962
Library	124,480	124,930	127,389	(2,459)
Youth recreation	5,000	5,000	5,000	-
Museums	8,893	13,498	13,378	120
<b>TOTAL RECREATION AND CULTURE</b>	<b>246,450</b>	<b>325,837</b>	<b>312,214</b>	<b>13,623</b>

(Continued)

## CITY OF SOUTH HAVEN

## GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
AMENDED BUDGET AND ACTUAL (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2004

	ORIGINAL BUDGET	AMENDED BUDGET	ACTUAL	VARIANCE TO AMENDED BUDGET POSITIVE (NEGATIVE)
EXPENDITURES (CONTINUED)				
OTHER				
Airport	\$ 61,009	\$ 61,009	\$ 60,884	\$ 125
Economic development	43,968	43,968	36,890	7,078
Miscellaneous	14,734	16,714	16,712	2
TOTAL OTHER	119,711	121,691	114,486	7,205
TOTAL EXPENDITURES	4,664,085	4,801,136	4,654,833	146,303
NET CHANGE IN FUND BALANCE	115,125	44,674	382,699	338,025
OTHER FINANCING SOURCES (USES)				
Transfers in	4,500	-	-	-
Transfers (out)	(70,000)	(523,859)	(523,859)	-
TOTAL OTHER FINANCING SOURCES (USES)	(65,500)	(523,859)	(523,859)	0
NET CHANGE IN FUND BALANCE	49,625	(479,185)	(141,160)	338,025
FUND BALANCE, BEGINNING OF YEAR	1,376,961	1,376,961	1,376,961	-
FUND BALANCE, END OF YEAR	\$ 1,426,586	\$ 897,776	\$ 1,235,801	\$ 338,025

(Concluded)

## NONMAJOR FUNDS, INTERNAL SERVICE FUNDS AND FIDUCIARY FUNDS

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### SPECIAL REVENUE FUNDS

The *Major and Local Street Funds* account for the operations of street maintenance and capital improvements. Financing is provided primarily from the City share of State collected gasoline and other vehicular taxes and from grants, per Public Act 51.

The *Street Improvement Fund* accounts for the accumulation of resource restricted for use in improving streets. Financing is provided primarily from property taxes.

The *Garbage/Refuse Fund* accounts for residential garbage collection in the City. Financing is provided by a separate tax levy allowed by Public Act 127.

The *Site Reclamation Fund* accounts for a State of Michigan Department of Environmental Quality Grant for the specific purpose of site reclamation of the Belgravia/Hamlin Overton Brownfield site.

The *Narcotics Unit Fund* accounts for special drug enforcement including an officer assigned to the Southwest Enforcement Team. Financing is provided by a specific voted property tax levy of 0.7527 mills.

The *Police Training Fund* accounts for state grants specifically designated for police and dispatcher training.

The *Revolving Block Grant Fund* accounts for repayments of housing rehabilitation loans funded through the Community Development Block Grant program.

The *Community Development Block Grant Revolving Loan Fund* accounts for repayments of loans for new housing construction through Habitat for Humanity and the Community Development Block Grant program.

The *River Maintenance Fund* accounts for the dredging and maintenance of the Black River.

The *Sick Pay Reserve Fund* accounts for the cash reserves for unused sick and vacation time.

### CAPITAL PROJECT FUNDS

The *Cemetery Improvements Fund* accounts for improvements in the City owned cemetery.

The *Capital Projects Fund* represents funds set aside for future capital expenditures.

The *Building Authority Construction Fund* accounts for construction of the City's public facilities.

## DEBT SERVICE FUNDS

The *Building Authority #1 Debt Service Fund* accumulates funds for the payment of principal and interest on Building Authority Bonds. The sources of revenue for this fund are lease payments from the General Fund (Police Division), the Marina Fund and South Haven Area Emergency Services Authority (SHAES).

The *Sidewalk Debt Service Fund* accumulates funds for payment of principal and interest on special assessment bonds and general obligation bonds that were issued to finance the sidewalk improvement program. This Fund made its last bond payment in FY 2002. This Fund continues to accumulate funds as a result of special assessments still being paid off in FY 2003. The Fund will receive its last special assessment payment in FY 2004.

The *Building Authority #2 Debt Service Fund* accumulates funds for the payment of principal and interest on Building Authority Bonds issued for the new Public Works Facility. The sources of revenue for this fund are transfers from the Downtown Development Authority (DDA), the Electric Fund and Local Development Finance Authority #2.

The *Capital Improvement Bond Debt Service Fund* accumulates funds for payment of principal and interest for Bonds issued to finance infrastructure improvements. The sources of revenue for this fund are transfers from the Downtown Development Authority (DDA), the Sewer Fund and Local Development Finance Authority #1.

## PERMANENT FUND

The *Cemetery Perpetual Care* accounts for the revenue received in prior years from perpetual care charges paid by the families of those persons buried in the cemetery. The principal in this fund must be maintained intact per state law and the interest earnings are transferred to the General Fund to help finance the perpetual care of cemeteries.

## ENTERPRISE FUNDS

The *Beach Fund* provides for the maintenance and improvement of the City beaches. Financing is provided from beach parking fees and fines.

The *Black River Park Fund* accounts for boat launching and parking services at Black River Park, along with seasonal and transient dock rental.

The *Marina Fund* accounts for seasonal and transient dock rental at the City owned municipal marina.

## INTERNAL SERVICE FUNDS

The *Motor Pool Fund* accounts for the costs of purchasing, maintaining and operating vehicles and other equipment used by various City departments. Costs are billed to the user departments based on rental rates adjusted annually.

The *Information Services Fund* accounts for the costs of purchasing and maintaining computer operations for the City. Costs for computer services are billed to the user departments based on rental rates adjusted annually.

The *Self Insurance Fund* accounts for costs associated with the City health insurance program.

## FIDUCIARY FUNDS

### Agency Funds:

The *Payroll Tax Collection Fund* accounts for the accumulation of employee payroll withholdings and payment thereof to appropriate vendors.

The *Current Tax Collection Fund* accounts for the collection and disbursements of property taxes billed and collected by the City on behalf of City, the County, school districts, and other entities..

The *Trust and Agency Fund* accounts for assets held in trust.



**CITY OF SOUTH HAVEN**

**COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS**

**JUNE 30, 2004**

ASSETS	SPECIAL REVENUE											SICK PAY RESERVE
	MAJOR STREET	LOCAL STREET	STREET IMPROVEMENT	GARBAGE REFUSE	SITE RECLAMATION	NARCOTICS UNIT	POLICE TRAINING	REVOLVING BLOCK GRANT	COMMUNITY DEVELOPMENT	RIVER MAINTENANCE		
Cash and cash equivalents	\$ 250,380	\$ 307	-	\$ 78,271	\$ 585	\$ 88,048	\$ 4,000	\$ 40,591	\$ 290,184	\$ 39,965	\$ 85,805	
Investments	-	-	-	-	-	-	-	-	-	-	-	
Receivables:	-	-	-	-	-	-	-	-	-	-	-	
Taxes	-	-	830	5,086	-	2,837	-	-	-	-	-	
Customers	-	-	-	-	-	-	-	-	-	-	-	
Others	-	-	-	-	-	39	-	-	40,903	-	1,478	
Due from other funds	7,500	13,293	-	-	-	-	-	-	-	-	-	
Due from other governmental units	54,974	18,219	-	-	204,992	-	-	-	-	-	-	
Advances to component unit	-	-	-	-	-	-	-	-	-	-	-	
Prepaid items	-	-	-	-	-	-	-	-	-	-	-	
<b>TOTAL ASSETS</b>	<b>\$ 312,854</b>	<b>\$ 31,819</b>	<b>\$ 830</b>	<b>\$ 83,357</b>	<b>\$ 205,577</b>	<b>\$ 90,924</b>	<b>\$ 4,000</b>	<b>\$ 40,591</b>	<b>\$ 331,087</b>	<b>\$ 39,965</b>	<b>\$ 87,283</b>	
<b>LIABILITIES AND FUND BALANCES</b>												
<b>LIABILITIES</b>												
Accounts payable	\$ 5,311	\$ 1,053	\$ -	\$ 71	\$ 208,100	\$ 2,994	\$ 100	\$ -	\$ -	\$ -	\$ -	
Accrued expenses and other liabilities	2,920	3,154	-	-	-	10,995	-	-	-	-	-	
Due to other funds	13,293	7,500	-	-	-	-	-	-	-	-	-	
Deferred revenue	-	-	830	5,086	-	2,837	-	-	39,721	-	-	
<b>TOTAL LIABILITIES</b>	<b>21,524</b>	<b>11,707</b>	<b>830</b>	<b>5,157</b>	<b>208,100</b>	<b>16,826</b>	<b>100</b>	<b>-</b>	<b>39,721</b>	<b>-</b>	<b>-</b>	
<b>FUND BALANCES</b>												
Reserved	-	-	-	-	-	-	-	40,591	291,366	-	-	
Unreserved:												
Designated for subsequent year	-	-	-	-	-	-	-	-	-	-	-	
Undesignated (deficit)	291,330	20,112	-	78,200	(2,523)	74,098	3,900	-	-	39,965	87,283	
<b>TOTAL FUND BALANCES (DEFICIT)</b>	<b>291,330</b>	<b>20,112</b>	<b>-</b>	<b>78,200</b>	<b>(2,523)</b>	<b>74,098</b>	<b>3,900</b>	<b>40,591</b>	<b>291,366</b>	<b>39,965</b>	<b>87,283</b>	
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 312,854</b>	<b>\$ 31,819</b>	<b>\$ 830</b>	<b>\$ 83,357</b>	<b>\$ 205,577</b>	<b>\$ 90,924</b>	<b>\$ 4,000</b>	<b>\$ 40,591</b>	<b>\$ 331,087</b>	<b>\$ 39,965</b>	<b>\$ 87,283</b>	

CITY OF SOUTH HAVEN

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS

JUNE 30, 2004

ASSETS	CAPITAL PROJECTS			DEBT SERVICE				PERMANENT CEMETERY TRUST	TOTAL NONMAJOR GOVERNMENTAL FUNDS
	CEMETERY IMPROVEMENT	CAPITAL PROJECTS	BUILDING AUTHORITY CONSTRUCTION	BUILDING AUTHORITY #1	SIDEWALK DEBT SERVICE	BUILDING AUTHORITY #2	CAPITAL IMPROVEMENT BONDS		
Cash and cash equivalents									
Investments									
Receivables:									
Taxes	\$ 170,314	\$ 102,115	\$ 39,440	\$ 25,777	\$ 12,566	\$ 9,620	\$ 220	\$ 9,014	\$ 1,247,202
Customers	-	-	-	-	-	-	-	126,675	126,675
Others	39	-	-	-	-	-	-	-	8,753
Due from other funds	-	-	-	-	-	-	-	-	39
Due from other governmental units	-	-	-	-	-	-	-	-	42,420
Advances to component unit	-	-	-	-	-	-	-	-	20,793
Prepaid items	33,436	-	-	-	-	-	-	-	278,185
	-	-	-	150	-	-	-	-	33,436
	-	-	-	-	-	-	-	-	150
<b>TOTAL ASSETS</b>	<b>\$ 203,789</b>	<b>\$ 102,115</b>	<b>\$ 39,440</b>	<b>\$ 25,927</b>	<b>\$ 12,566</b>	<b>\$ 9,620</b>	<b>\$ 220</b>	<b>\$ 135,689</b>	<b>\$ 1,757,653</b>
<b>LIABILITIES AND FUND BALANCES</b>									
<b>LIABILITIES</b>									
Accounts payable									
Accrued expenses and other liabilities	\$ -	\$ -	\$ 375	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 218,004
Due to other funds	-	-	-	-	-	-	-	-	17,069
Deferred revenue	-	-	-	-	-	-	-	-	20,793
	-	-	-	-	-	-	-	-	48,474
<b>TOTAL LIABILITIES</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 375</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 304,340</b>
<b>FUND BALANCES</b>									
Reserved	33,436	102,115	39,065	25,927	12,566	9,620	220	126,675	681,581
Unreserved:									
Designated for subsequent year	-	-	-	-	-	-	-	-	-
Undesignated (deficit)	170,353	-	-	-	-	-	-	-	771,732
	-	-	-	-	-	-	-	-	-
<b>TOTAL FUND BALANCES (DEFICIT)</b>	<b>\$ 203,789</b>	<b>\$ 102,115</b>	<b>\$ 39,065</b>	<b>\$ 25,927</b>	<b>\$ 12,566</b>	<b>\$ 9,620</b>	<b>\$ 220</b>	<b>\$ 135,689</b>	<b>\$ 1,453,313</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 203,789</b>	<b>\$ 102,115</b>	<b>\$ 39,440</b>	<b>\$ 25,927</b>	<b>\$ 12,566</b>	<b>\$ 9,620</b>	<b>\$ 220</b>	<b>\$ 135,689</b>	<b>\$ 1,757,653</b>

**CITY OF SOUTH HAVEN**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS**

**FOR THE YEAR ENDED JUNE 30, 2004**

	SPECIAL REVENUE FUNDS											
	MAJOR STREET	LOCAL STREET	STREET IMPROVEMENT	GARBAGE REFUSE	SITE RECLAMATION	NARCOTICS UNIT	POLICE TRAINING	REVOLVING BLOCK GRANT	COMMUNITY DEVELOPMENT BLOCK GRANT	RIVER MAINTENANCE	SICK PAY RESERVE	
<b>REVENUES</b>												
Property taxes	\$ -	\$ -	\$ 362,259	\$ 285,814	\$ -	\$ 154,773	\$ -	\$ -	\$ -	\$ -	\$ -	
Special assessments	-	-	-	-	-	-	-	-	-	-	-	
Intergovernmental revenues:												
State	332,866	107,199	-	-	481,659	-	5,510	-	-	-	-	
Interest and rental income	3,134	8	1,821	1,059	-	976	-	320	1,966	637	2,296	
Other	-	-	-	-	-	7,633	-	-	79,474	1,939	-	
<b>TOTAL REVENUES</b>	<b>336,000</b>	<b>107,207</b>	<b>364,080</b>	<b>286,873</b>	<b>481,659</b>	<b>163,382</b>	<b>5,510</b>	<b>320</b>	<b>81,440</b>	<b>2,576</b>	<b>2,296</b>	
<b>EXPENDITURES</b>												
Current:												
Public safety	-	-	-	-	-	162,509	5,083	-	-	-	-	
Highways and streets	361,835	194,700	-	-	-	-	-	-	-	-	-	
Health and welfare	-	-	-	250,242	474,511	-	-	-	15,090	-	-	
Other	-	-	-	-	-	-	-	-	-	-	-	
Debt service:												
Principal	-	-	-	-	-	-	-	-	-	-	-	
Interest and fiscal charges	-	-	-	-	-	-	-	-	-	-	-	
Capital outlay	-	-	-	-	-	-	-	-	-	25	-	
<b>TOTAL EXPENDITURES</b>	<b>361,835</b>	<b>194,700</b>	<b>-</b>	<b>250,242</b>	<b>474,511</b>	<b>162,509</b>	<b>5,083</b>	<b>-</b>	<b>15,090</b>	<b>25</b>	<b>-</b>	
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(25,835)</b>	<b>(87,493)</b>	<b>364,080</b>	<b>36,631</b>	<b>7,148</b>	<b>873</b>	<b>427</b>	<b>320</b>	<b>66,350</b>	<b>2,551</b>	<b>2,296</b>	
<b>OTHER FINANCING SOURCES (USES)</b>												
Transfers in	-	83,763	-	-	-	-	-	-	320	14,020	-	
Transfers (out)	(78,322)	-	(364,080)	-	-	-	-	(320)	-	-	-	
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(78,322)</b>	<b>83,763</b>	<b>(364,080)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(320)</b>	<b>320</b>	<b>14,020</b>	<b>-</b>	
<b>NET CHANGE IN FUND BALANCES</b>	<b>(104,157)</b>	<b>(3,730)</b>	<b>-</b>	<b>36,631</b>	<b>7,148</b>	<b>873</b>	<b>427</b>	<b>-</b>	<b>66,670</b>	<b>16,571</b>	<b>2,296</b>	
<b>FUND BALANCES (DEFICIT), BEGINNING OF YEAR</b>	<b>395,487</b>	<b>23,842</b>	<b>-</b>	<b>41,569</b>	<b>(9,671)</b>	<b>73,225</b>	<b>3,473</b>	<b>40,591</b>	<b>224,696</b>	<b>23,394</b>	<b>84,987</b>	
<b>FUND BALANCES (DEFICIT), END OF YEAR</b>	<b>\$ 291,330</b>	<b>\$ 20,112</b>	<b>\$ -</b>	<b>\$ 78,200</b>	<b>\$ (2,523)</b>	<b>\$ 74,098</b>	<b>\$ 3,900</b>	<b>\$ 40,591</b>	<b>\$ 291,366</b>	<b>\$ 39,965</b>	<b>\$ 87,283</b>	

(Continued)

# CITY OF SOUTH HAVEN

## COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2004

	CAPITAL PROJECTS			DEBT SERVICE				PERMANENT	TOTAL
	CEMETERY IMPROVEMENT	CAPITAL PROJECTS	BUILDING AUTHORITY CONSTRUCTION	BUILDING AUTHORITY #1	SIDEWALK AUTHORITY #2	BUILDING IMPROVEMENT	CAPITAL BONDS	CEMETERY TRUST	NONMAJOR GOVERNMENTAL FUNDS
REVENUES									
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 802,846
Special assessments	-	-	-	-	274	-	-	-	274
Intergovernmental revenues:									
State	-	-	-	-	-	-	-	-	-
Interest and rental income	8,349	1,823	1,895	202,347	135	547	633	3,790	927,234
Other	-	-	-	-	-	47,645	177,000	-	231,736
									313,691
TOTAL REVENUES	8,349	1,823	1,895	202,347	409	48,192	177,633	3,790	2,275,781
EXPENDITURES									
Current:									
Public safety	-	-	-	-	-	-	-	-	167,592
Highways and streets	-	-	-	-	-	-	-	-	556,535
Health and welfare	-	-	-	-	-	-	-	-	739,843
Other	-	-	-	-	-	-	250	-	525
Debt service:									
Principal	-	-	-	135,000	-	130,000	150,000	-	415,000
Interest and fiscal charges	-	-	-	66,756	-	145,123	227,420	-	439,299
Capital outlay	14,325	-	86,841	-	-	-	-	-	101,191
TOTAL EXPENDITURES	14,325	-	86,841	201,756	-	275,398	377,670	-	2,419,985
REVENUES OVER (UNDER) EXPENDITURES	(5,976)	1,823	(84,946)	591	409	(227,206)	(200,037)	3,790	(144,204)
OTHER FINANCING SOURCES (USES)									
Transfers in	-	502,559	-	-	-	227,750	200,000	10,859	1,039,271
Transfers (out)	-	(674,000)	-	-	-	-	-	-	(1,116,722)
TOTAL OTHER FINANCING SOURCES (USES)	-	(171,441)	-	-	-	227,750	200,000	10,859	(77,451)
NET CHANGE IN FUND BALANCES	(5,976)	(169,618)	(84,946)	591	409	544	(37)	14,649	(221,655)
FUND BALANCES (DEFICIT), BEGINNING OF YEAR	209,765	271,733	124,011	25,336	12,157	9,076	257	121,040	1,674,968
FUND BALANCES (DEFICIT), END OF YEAR	\$ 203,789	\$ 102,115	\$ 39,065	\$ 25,927	\$ 12,566	\$ 9,620	\$ 220	\$ 135,689	\$ 1,453,313

(Concluded)

**CITY OF SOUTH HAVEN**

**MAJOR STREET FUND  
SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL**

**FOR THE YEAR ENDED JUNE 30, 2004**

	ORIGINAL BUDGET	AMENDED BUDGET	ACTUAL	VARIANCE TO AMENDED BUDGET POSITIVE (NEGATIVE)
<b>REVENUES</b>				
Intergovernmental revenues:				
State	\$ 309,409	\$ 316,909	\$ 332,866	\$ 15,957
Interest	2,000	2,000	3,134	1,134
<b>TOTAL REVENUES</b>	<b>311,409</b>	<b>318,909</b>	<b>336,000</b>	<b>17,091</b>
<b>EXPENDITURES</b>				
Bridges	4,884	4,884	3,128	1,756
Maintenance	293,969	288,969	263,039	25,930
Traffic services	20,082	20,082	20,019	63
Winter maintenance	46,002	41,002	30,894	10,108
Trunkline maintenance	15,175	22,675	19,579	3,096
General administration	2,297	5,297	5,176	121
Engineering	20,000	20,000	20,000	-
<b>TOTAL EXPENDITURES</b>	<b>402,409</b>	<b>402,909</b>	<b>361,835</b>	<b>41,074</b>
<b>REVENUES (UNDER) OVER EXPENDITURES</b>	<b>(91,000)</b>	<b>(84,000)</b>	<b>(25,835)</b>	<b>58,165</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	164,559	64,559	-	(64,559)
Transfers (out)	(73,559)	(73,559)	(78,322)	(4,763)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>91,000</b>	<b>(9,000)</b>	<b>(78,322)</b>	<b>(69,322)</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>-</b>	<b>(93,000)</b>	<b>(104,157)</b>	<b>(11,157)</b>
<b>FUND BALANCE, BEGINNING OF YEAR</b>	<b>395,487</b>	<b>395,487</b>	<b>395,487</b>	<b>-</b>
<b>FUND BALANCE, END OF YEAR</b>	<b>\$ 395,487</b>	<b>\$ 302,487</b>	<b>\$ 291,330</b>	<b>\$ (11,157)</b>

**CITY OF SOUTH HAVEN**

**LOCAL STREET FUND  
SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL**

**FOR THE YEAR ENDED JUNE 30, 2004**

	ORIGINAL BUDGET	AMENDED BUDGET	ACTUAL	VARIANCE TO AMENDED BUDGET POSITIVE (NEGATIVE)
REVENUES				
Intergovernmental revenues:				
State	\$ 99,966	\$ 99,966	\$ 107,199	\$ 7,233
Interest	500	500	8	(492)
TOTAL REVENUES	100,466	100,466	107,207	6,741
EXPENDITURES				
Maintenance	173,105	152,105	130,542	21,563
Traffic services	14,597	19,797	19,776	21
Winter maintenance	30,967	32,467	30,341	2,126
General administration	1,797	5,097	5,041	56
Engineering	9,000	9,000	9,000	-
TOTAL EXPENDITURES	229,466	218,466	194,700	23,766
REVENUES OVER (UNDER) EXPENDITURES	(129,000)	(118,000)	(87,493)	30,507
OTHER FINANCING SOURCES (USES)				
Transfers in	129,000	79,000	83,763	4,763
NET CHANGE IN FUND BALANCE	-	(39,000)	(3,730)	35,270
FUND BALANCE, BEGINNING OF YEAR	23,842	23,842	23,842	-
FUND BALANCE, END OF YEAR	\$ 23,842	\$ (15,158)	\$ 20,112	\$ 35,270

**CITY OF SOUTH HAVEN**

**STREET IMPROVEMENT FUND  
SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL**

**FOR THE YEAR ENDED JUNE 30, 2004**

	ORIGINAL BUDGET	AMENDED BUDGET	ACTUAL	VARIANCE TO AMENDED BUDGET POSITIVE (NEGATIVE)
REVENUES				
Property taxes	\$ 369,402	\$ 369,402	\$ 362,259	\$ (7,143)
Interest	-	-	1,821	1,821
TOTAL REVENUES	369,402	369,402	364,080	(5,322)
OTHER FINANCING SOURCES (USES)				
Transfers out	-	(365,000)	(364,080)	920
NET CHANGE IN FUND BALANCE	369,402	4,402	-	(4,402)
FUND BALANCE, BEGINNING OF YEAR	-	-	-	-
FUND BALANCE, END OF YEAR	\$ 369,402	\$ 4,402	\$ -	\$ (4,402)

**CITY OF SOUTH HAVEN**

**GARBAGE/REFUSE FUND  
SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL**

**FOR THE YEAR ENDED JUNE 30, 2004**

	ORIGINAL BUDGET	AMENDED BUDGET	ACTUAL	VARIANCE TO AMENDED BUDGET POSITIVE (NEGATIVE)
REVENUES				
Property taxes	\$ 286,370	\$ 286,370	\$ 285,814	\$ (556)
Interest	1,000	1,000	1,059	59
TOTAL REVENUES	287,370	287,370	286,873	(497)
EXPENDITURES				
Health and welfare	290,000	290,000	250,242	39,758
NET CHANGE IN FUND BALANCES	(2,630)	(2,630)	36,631	39,261
FUND BALANCE, BEGINNING OF YEAR	41,569	41,569	41,569	-
FUND BALANCE, END OF YEAR	\$ 38,939	\$ 38,939	\$ 78,200	\$ 39,261



**CITY OF SOUTH HAVEN**

**SITE RECLAMATION FUND  
SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL**

**FOR THE YEAR ENDED JUNE 30, 2004**

	ORIGINAL BUDGET	AMENDED BUDGET	ACTUAL	VARIANCE TO AMENDED BUDGET POSITIVE (NEGATIVE)
REVENUES				
Intergovernmental revenues:				
State	\$ -	\$ 600,000	\$ 481,659	\$ (118,341)
TOTAL REVENUES	-	600,000	481,659	(118,341)
EXPENDITURES				
Health and welfare	-	600,000	474,511	125,489
NET CHANGE IN FUND BALANCE	-	-	7,148	7,148
FUND BALANCE (DEFICIT) , BEGINNING OF YEAR	(9,671)	(9,671)	(9,671)	-
FUND BALANCE (DEFICIT), END OF YEAR	\$ (9,671)	\$ (9,671)	\$ (2,523)	\$ 7,148

**CITY OF SOUTH HAVEN**

**NARCOTICS UNIT FUND  
SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL**

**FOR THE YEAR ENDED JUNE 30, 2004**

	ORIGINAL BUDGET	AMENDED BUDGET	ACTUAL	VARIANCE TO AMENDED BUDGET POSITIVE (NEGATIVE)
REVENUES				
Property taxes	\$ 155,233	\$ 155,233	\$ 154,773	\$ (460)
Interest	1,300	1,300	976	(324)
Other	7,930	9,930	7,633	(2,297)
TOTAL REVENUES	164,463	166,463	163,382	(3,081)
EXPENDITURES				
Public safety	150,777	162,777	162,509	268
NET CHANGE IN FUND BALANCE	13,686	3,686	873	(2,813)
FUND BALANCE, BEGINNING OF YEAR	73,225	73,225	73,225	-
FUND BALANCE, END OF YEAR	\$ 86,911	\$ 76,911	\$ 74,098	\$ (2,813)

**CITY OF SOUTH HAVEN**

**POLICE TRAINING FUND  
SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL**

**FOR THE YEAR ENDED JUNE 30, 2004**

	ORIGINAL BUDGET	AMENDED BUDGET	ACTUAL	VARIANCE TO AMENDED BUDGET POSITIVE (NEGATIVE)
REVENUES				
Intergovernmental revenues:				
State	\$ 5,737	\$ 5,737	\$ 5,510	\$ (227)
EXPENDITURES				
Public safety	5,737	5,737	5,083	654
NET CHANGE IN FUND BALANCE	-	-	427	427
FUND BALANCE, BEGINNING OF YEAR	3,473	3,473	3,473	-
FUND BALANCE, END OF YEAR	\$ 3,473	\$ 3,473	\$ 3,900	\$ 427

**CITY OF SOUTH HAVEN**

**REVOLVING BLOCK GRANT FUND  
SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL**

**FOR THE YEAR ENDED JUNE 30, 2004**

	ORIGINAL BUDGET	AMENDED BUDGET	ACTUAL	VARIANCE TO AMENDED BUDGET POSITIVE (NEGATIVE)
REVENUES				
Interest	\$ -	\$ 400	\$ 320	\$ (80)
OTHER FINANCING SOURCES (USES)				
Transfers (out)	(400)	(400)	(320)	80
TOTAL OTHER FINANCING SOURCES (USES)	(400)	(400)	(320)	80
NET CHANGE IN FUND BALANCE	(400)	-	-	-
FUND BALANCE, BEGINNING OF YEAR	40,591	40,591	40,591	-
FUND BALANCE, END OF YEAR	\$ 40,191	\$ 40,591	\$ 40,591	\$ -

**CITY OF SOUTH HAVEN**

**COMMUNITY DEVELOPMENT BLOCK GRANT FUND  
SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL**

**FOR THE YEAR ENDED JUNE 30, 2004**

	ORIGINAL BUDGET	AMENDED BUDGET	ACTUAL	VARIANCE TO AMENDED BUDGET POSITIVE (NEGATIVE)
REVENUES				
Interest	\$ -	\$ -	\$ 1,966	\$ 1,966
Other	-	65,000	79,474	14,474
TOTAL REVENUES	-	65,000	81,440	16,440
EXPENDITURES				
Health and welfare	-	30,500	15,090	15,410
REVENUES OVER EXPENDITURES	-	34,500	66,350	31,850
OTHER FINANCING SOURCES				
Transfers in	-	-	320	320
NET CHANGE IN FUND BALANCE	-	34,500	66,670	32,170
FUND BALANCE, BEGINNING OF YEAR	224,696	224,696	224,696	-
FUND BALANCE, END OF YEAR	\$ 224,696	\$ 259,196	\$ 291,366	\$ 32,170

**CITY OF SOUTH HAVEN**

**RIVER MAINTENANCE FUND  
SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL**

**FOR THE YEAR ENDED JUNE 30, 2004**

	ORIGINAL BUDGET	AMENDED BUDGET	ACTUAL	VARIANCE TO AMENDED BUDGET POSITIVE (NEGATIVE)
REVENUES				
Interest	\$ 200	\$ 200	\$ 637	\$ 437
Special assessments	-	-	1,939	1,939
TOTAL REVENUE	200	200	2,576	2,376
EXPENDITURES				
Capital outlay	5,000	5,000	25	4,975
REVENUES OVER (UNDER) EXPENDITURES	(4,800)	(4,800)	2,551	7,351
OTHER FINANCING SOURCES				
Transfers in	14,020	14,020	14,020	-
NET CHANGE IN FUND BALANCE	9,220	9,220	16,571	7,351
FUND BALANCE, BEGINNING OF YEAR	23,394	23,394	23,394	-
FUND BALANCE, END OF YEAR	\$ 32,614	\$ 32,614	\$ 39,965	\$ 7,351

**CITY OF SOUTH HAVEN**

**SICK PAY RESERVE  
SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL**

**FOR THE YEAR ENDED JUNE 30, 2004**

	ORIGINAL BUDGET	AMENDED BUDGET	ACTUAL	VARIANCE TO AMENDED BUDGET POSITIVE (NEGATIVE)
REVENUES				
Interest	\$ 3,700	\$ 3,700	\$ 2,296	\$ (1,404)
EXPENDITURES				
Health and welfare	3,000	3,000	-	3,000
NET CHANGE IN FUND BALANCE	700	700	2,296	1,596
FUND BALANCE, BEGINNING OF YEAR	84,987	84,987	84,987	-
FUND BALANCE, END OF YEAR	\$ 85,687	\$ 85,687	\$ 87,283	\$ 1,596

**CITY OF SOUTH HAVEN**

**BUILDING AUTHORITY FUND #1  
SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL**

**FOR THE YEAR ENDED JUNE 30, 2004**

	ORIGINAL BUDGET	AMENDED BUDGET	ACTUAL	VARIANCE TO AMENDED BUDGET POSITIVE (NEGATIVE)
REVENUES				
Interest and rental income	\$ 202,555	\$ 202,555	\$ 202,347	\$ (208)
EXPENDITURES				
Debt Service:				
Principal	135,000	135,000	135,000	-
Interest and fiscal charges	67,055	67,555	66,756	799
TOTAL EXPENDITURES	202,055	202,555	201,756	799
NET CHANGE IN FUND BALANCE	500	-	591	591
FUND BALANCE, BEGINNING OF YEAR	25,336	25,336	25,336	-
FUND BALANCE, END OF YEAR	\$ 25,836	\$ 25,336	\$ 25,927	\$ 591



**CITY OF SOUTH HAVEN**

**SIDEWALK DEBT SERVICE FUND  
SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL**

**FOR THE YEAR ENDED JUNE 30, 2004**

	AMENDED BUDGET	AMENDED BUDGET	ACTUAL	VARIANCE TO AMENDED BUDGET POSITIVE (NEGATIVE)
REVENUES				
Special assessment	\$ -	\$ -	\$ 274	\$ 274
Interest and rental income	-	-	135	135
TOTAL REVENUES	-	-	409	409
NET CHANGE IN FUND BALANCE	-	-	409	409
FUND BALANCE, BEGINNING OF YEAR	12,157	12,157	12,157	-
FUND BALANCE, END OF YEAR	\$ 12,157	\$ 12,157	\$ 12,566	\$ 409

**CITY OF SOUTH HAVEN**

**BUILDING AUTHORITY FUND # 2  
SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL**

**FOR THE YEAR ENDED JUNE 30, 2004**

	ORIGINAL BUDGET	AMENDED BUDGET	ACTUAL	VARIANCE TO AMENDED BUDGET POSITIVE (NEGATIVE)
REVENUES				
Other	\$ 47,645	\$ 47,645	\$ 47,645	\$ -
Interest and rental income	1,000	1,000	547	(453)
TOTAL REVENUES	48,645	48,645	48,192	(453)
EXPENDITURES				
Debt Service:				
Principal	130,000	130,000	130,000	-
Interest and fiscal charges	145,123	145,123	145,123	-
Other	275	275	275	-
TOTAL EXPENDITURES	275,398	275,398	275,398	-
REVENUES (UNDER) EXPENDITURES	(226,753)	(226,753)	(227,206)	(453)
OTHER FINANCING SOURCES				
Transfers in	227,750	227,750	227,750	-
NET CHANGE IN FUND BALANCE	997	997	544	(453)
FUND BALANCE, BEGINNING OF YEAR	9,076	9,076	9,076	-
FUND BALANCE, END OF YEAR	\$ 10,073	\$ 10,073	\$ 9,620	\$ (453)

**CITY OF SOUTH HAVEN**

**CAPITAL IMPROVEMENT BONDS DEBT SERVICE  
SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL**

**FOR THE YEAR ENDED JUNE 30, 2004**

	ORIGINAL BUDGET	AMENDED BUDGET	ACTUAL	VARIANCE TO AMENDED BUDGET POSITIVE (NEGATIVE)
REVENUES				
Other	\$ 177,000	\$ 177,000	\$ 177,000	\$ -
Interest and rental income	1,000	1,000	633	(367)
TOTAL REVENUES	178,000	178,000	177,633	(367)
EXPENDITURES				
Debt Service:				
Principal	150,000	150,000	150,000	-
Interest and fiscal charges	227,420	227,420	227,420	-
Other	250	250	250	-
TOTAL EXPENDITURES	377,670	377,670	377,670	-
REVENUES (UNDER) EXPENDITURES	(199,670)	(199,670)	(200,037)	(367)
NET CHANGE IN FUND BALANCE	330	330	(37)	(367)
FUND BALANCE, BEGINNING OF YEAR	257	257	257	-
FUND BALANCE, END OF YEAR	\$ 587	\$ 587	\$ 220	\$ (367)

# CITY OF SOUTH HAVEN

## NONMAJOR ENTERPRISE FUNDS COMBINING STATEMENT OF NET ASSETS

JUNE 30, 2004

<u>ASSETS</u>	BEACH FUND	BLACK RIVER PARK	MARINA FUND	TOTAL
CURRENT ASSETS				
Cash and cash equivalents	\$ 75,076	\$ 154	\$ 470,695	\$ 545,925
Investments	-	-	-	-
Receivables:				
Other	-	-	1,212	1,212
Due from other funds	-	-	74,000	74,000
Due from other governmental units	-	-	167,942	167,942
 TOTAL CURRENT ASSETS	 75,076	 154	 713,849	 789,079
 OTHER ASSETS				
Advances to component unit	-	1,500	166,504	168,004
 CAPITAL ASSETS				
Land and land improvements	-	937,800	1,913,888	2,851,688
Buildings and improvements	8,716	39,049	54,984	102,749
Machinery and equipment	60,625	-	1,250	61,875
 TOTAL CAPITAL ASSETS	 69,341	 976,849	 1,970,122	 3,016,312
Less: Accumulated depreciation	54,563	119,727	392,182	566,472
 NET CAPITAL ASSETS	 14,778	 857,122	 1,577,940	 2,449,840
 TOTAL ASSETS	 89,854	 858,776	 2,458,293	 3,406,923
 <u>LIABILITIES</u>				
CURRENT LIABILITIES				
Accounts payable	\$ 2,196	\$ 6,743	\$ 14,343	\$ 23,282
Accrued expenses and other liabilities	3,889	2,900	5,302	12,091
Due to other funds	-	74,000	-	74,000
Deferred revenue	7,500	34,326	167,514	209,340
 TOTAL LIABILITIES	 13,585	 117,969	 187,159	 318,713
 <u>NET ASSETS</u>				
Investment in capital assets net of related debt	14,778	857,122	1,577,940	2,449,840
Unrestricted (deficit)	61,491	(116,315)	693,194	638,370
 TOTAL NET ASSETS	 \$ 76,269	 \$ 740,807	 \$ 2,271,134	 \$ 3,088,210

**CITY OF SOUTH HAVEN**

**NONMAJOR ENTERPRISE FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN NET ASSETS**

**FOR THE YEAR ENDED JUNE 30, 2004**

	BEACH FUND	BLACK RIVER PARK	MARINA FUND	TOTAL
OPERATING REVENUES				
Charges for services	\$ 163,840	\$ 583	\$ 5,428	\$ 169,851
State grant	-	-	622,500	622,500
Dock rental	-	124,687	448,058	572,745
Other	3,055	22,500	3,573	29,128
TOTAL OPERATING REVENUES	166,895	147,770	1,079,559	1,394,224
OPERATING EXPENSES				
Operating costs and expenses	146,990	104,973	338,881	590,844
Property tax equivalents	8,500	6,149	25,400	40,049
Depreciation	12,125	27,930	65,070	105,125
TOTAL OPERATING EXPENSES	167,615	139,052	429,351	736,018
OPERATING INCOME (LOSS)	(720)	8,718	650,208	658,206
NON OPERATING REVENUES (EXPENSES)				
Interest income	12,691	2,270	23,109	38,070
NET INCOME BEFORE TRANSFERS	11,971	10,988	673,317	696,276
TRANSFERS				
Transfers (out)	-	(3,012)	(11,008)	(14,020)
CHANGE IN NET ASSETS	11,971	7,976	662,309	682,256
NET ASSETS, BEGINNING OF YEAR	64,298	732,831	1,608,825	2,405,954
NET ASSETS, END OF YEAR	\$ 76,269	\$ 740,807	\$ 2,271,134	\$ 3,088,210

**CITY OF SOUTH HAVEN**

**NONMAJOR ENTERPRISE FUNDS  
COMBINING STATEMENT OF CASH FLOWS**

**FOR THE YEAR ENDED JUNE 30, 2004**

	BEACH FUND	BLACK RIVER PARK	MARINA FUND	TOTAL
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customers	\$ 166,878	\$ 145,831	\$ 918,973	\$1,231,682
Cash payments to suppliers for goods and services	(95,850)	(41,946)	(254,443)	(392,239)
Cash payments to employees for services	(59,045)	(68,545)	(105,002)	(232,592)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	11,983	35,340	559,528	606,851
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES				
Due from other funds	-	-	(74,000)	(74,000)
Due to other funds	-	(51,745)	-	(51,745)
Advances to component units	-	70,385	(4,959)	65,426
Transfers out	-	(3,012)	(11,008)	(14,020)
NET CASH PROVIDED BY (USED IN) NONCAPITAL FINANCING ACTIVITIES	-	15,628	(89,967)	(74,339)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Purchase of capital assets	-	(53,084)	(1,287,600)	(1,340,684)
NET CASH PROVIDED BY (USED IN) CAPITAL AND RELATED FINANCING ACTIVITIES	-	(53,084)	(1,287,600)	(1,340,684)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest income	12,691	2,270	23,109	38,070
Sale of investments	-	-	1,057	1,057
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	12,691	2,270	24,166	39,127
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	24,674	154	(793,873)	(769,045)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	50,402	-	1,264,568	1,314,970
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 75,076	\$ 154	\$ 470,695	\$ 545,925
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:				
Operating income (loss)	\$ (720)	\$ 8,718	\$ 650,208	\$ 658,206
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation	12,125	27,930	65,070	105,125
Changes in operating assets and liabilities which provided (used) cash:				
Receivables	-	-	776	776
Due from other governmental units	-	-	(167,942)	(167,942)
Accounts payable	(5,242)	-	4,428	(814)
Accrued expenses and other liabilities	820	631	408	1,859
Due to other governmental units	-	-	-	-
Deferred revenue	5,000	(1,939)	6,580	9,641
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	\$ 11,983	\$ 35,340	\$ 559,528	\$ 606,851

**CITY OF SOUTH HAVEN**  
**INTERNAL SERVICE FUNDS**  
**COMBINING STATEMENT OF NET ASSETS**

**JUNE 30, 2004**

<u>ASSETS</u>	MOTOR POOL	INFORMATION SERVICES	SELF INSURANCE	TOTAL
CURRENT ASSETS				
Cash and cash equivalents	\$ 195,035	\$ 63,157	\$ 107,795	\$ 365,987
Receivables:				
Other	2,925	-	-	2,925
Due from other governmental units	300,000	-	-	300,000
 TOTAL CURRENT ASSETS	 497,960	 63,157	 107,795	 668,912
OTHER ASSETS				
Advances to component unit	181,862	-	-	181,862
CAPITAL ASSETS				
Vehicles	1,643,644	-	-	1,643,644
Machinery and equipment	464,686	94,292	-	558,978
	2,108,330	94,292	-	2,202,622
Less: Accumulated depreciation	(1,289,536)	(89,329)	-	(1,378,865)
 NET CAPITAL ASSETS	 818,794	 4,963	 -	 823,757
 TOTAL ASSETS	 1,498,616	 68,120	 107,795	 1,674,531
 <u>LIABILITIES</u>				
CURRENT LIABILITIES				
Accounts payable	38,358	4,991	31,854	75,203
Accrued expenses and other liabilities	7,645	7,191	-	14,836
Current portion of long term debt	25,652	-	-	25,652
 TOTAL CURRENT LIABILITIES	 71,655	 12,182	 31,854	 115,691
Long-term debt - net of current portion	274,348	-	-	274,348
 TOTAL LIABILITIES	 346,003	 12,182	 31,854	 390,039
 <u>NET ASSETS</u>				
Investment in capital assets net of related debt	518,794	4,963	-	523,757
Unrestricted	633,819	50,975	75,941	760,735
 TOTAL NET ASSETS	 \$ 1,152,613	 \$ 55,938	 \$ 75,941	 \$ 1,284,492

**CITY OF SOUTH HAVEN**  
**INTERNAL SERVICE FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENSES**  
**AND CHANGES IN NET ASSETS**

**FOR THE YEAR ENDED JUNE 30, 2004**

	MOTOR POOL	INFORMATION SERVICES	SELF INSURANCE	TOTAL
OPERATING REVENUES				
Charges for services	\$ 500,002	\$ 122,558	\$ 239,932	\$ 862,492
Other	24,966	190	-	25,156
TOTAL OPERATING REVENUES	524,968	122,748	239,932	887,648
OPERATING EXPENSES				
Operating costs and expenses	288,252	135,875	216,127	640,254
Depreciation	170,125	15,930	-	186,055
TOTAL OPERATING EXPENSES	458,377	151,805	216,127	826,309
OPERATING INCOME (LOSS)	66,591	(29,057)	23,805	61,339
NONOPERATING REVENUES (EXPENSES)				
Interest income	20,915	650	763	22,328
Interest and fiscal charges	(13,650)	-	-	(13,650)
TOTAL NONOPERATING REVENUES (EXPENSES)	7,265	650	763	8,678
TRANSFERS				
Transfers in	5,000	-	-	5,000
CHANGE IN NET ASSETS	78,856	(28,407)	24,568	75,017
NET ASSETS, BEGINNING OF YEAR	1,073,757	84,345	51,373	1,209,475
NET ASSETS, END OF YEAR	\$ 1,152,613	\$ 55,938	\$ 75,941	\$ 1,284,492



**CITY OF SOUTH HAVEN**  
**INTERNAL SERVICE FUNDS**  
**COMBINING STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2004**

	MOTOR POOL	INFORMATION SERVICES	SELF INSURANCE	TOTAL
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received for interfund services	\$ 627,038	\$ 122,748	\$ 239,932	\$ 989,718
Cash payments to vendors	(255,322)	(137,404)	(202,681)	(595,407)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	371,716	(14,656)	37,251	394,311
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES				
Advances to component units	(5,417)	-	-	(5,417)
Transfers in	5,000	-	-	5,000
NET CASH PROVIDED BY (USED IN) NONCAPITAL FINANCING ACTIVITIES	(417)	-	-	(417)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Purchase of capital assets	(357,708)	-	-	(357,708)
Principal paid on long-term debt	(100,000)	-	-	(100,000)
Interest paid on long-term debt	(13,650)	-	-	(13,650)
NET CASH PROVIDED BY (USED IN) CAPITAL AND RELATED FINANCING ACTIVITIES	(471,358)	-	-	(471,358)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest income	20,915	650	763	22,328
NET INCREASE IN CASH AND CASH EQUIVALENTS	(79,144)	(14,006)	38,014	(55,136)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	274,179	77,163	69,781	421,123
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 195,035	\$ 63,157	\$ 107,795	\$ 365,987
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:				
Operating income (loss)	\$ 66,591	\$ (29,057)	\$ 23,805	\$ 61,339
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation	170,125	15,930	-	186,055
Change in operating assets and liabilities which provided (used) cash:				
Receivables	2,070	-	-	2,070
Due from other governmental units	100,000	-	-	100,000
Accounts payable	32,395	(3,683)	13,446	42,158
Accrued expenses and other liabilities	535	2,154	-	2,689
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	\$ 371,716	\$ (14,656)	\$ 37,251	\$ 394,311

**CITY OF SOUTH HAVEN**  
**FIDUCIARY FUNDS**  
**COMBINING STATEMENT OF NET ASSETS**  
**JUNE 30, 2004**

<u>ASSETS</u>	<u>AGENCY FUNDS</u>			<u>TOTAL</u>
	<u>PAYROLL TAX</u> <u>COLLECTION</u>	<u>CURRENT TAX</u> <u>COLLECTION</u>	<u>TRUST AND</u> <u>AGENCY</u>	
Cash and cash equivalents	\$ 35,588	\$ -	\$ 34,079	\$ 69,667
Investments	-	-	7,945	7,945
<b><u>TOTAL ASSETS</u></b>	<b>\$ 35,588</b>	<b>\$ -</b>	<b>\$ 42,024</b>	<b>\$ 77,612</b>
<u>LIABILITIES</u>				
Deposits	\$ -	\$ -	\$ 42,024	\$ 42,024
Accounts payable	32,593	-	-	32,593
Due to other governments	2,995	-	-	2,995
<b><u>TOTAL LIABILITIES</u></b>	<b>\$ 35,588</b>	<b>\$ -</b>	<b>\$ 42,024</b>	<b>\$ 77,612</b>

**CITY OF SOUTH HAVEN**

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
ALL AGENCY FUNDS**

**FOR THE YEAR ENDED JUNE 30, 2004**

	BALANCE JULY 1, 2003	ADDITIONS	DEDUCTIONS	BALANCE JUNE 30, 2004
<u>PAYROLL TAX COLLECTION FUND</u>				
ASSETS				
Cash and cash equivalents	\$ 24,909	\$ 219,654	\$ 208,975	\$ 35,588
	\$ 24,909	\$ 219,654	\$ 208,975	\$ 35,588
LIABILITIES				
Accounts payable	\$ 15,218	\$ 277,811	\$ 260,436	\$ 32,593
Due to other governmental units	9,691	130,708	137,404	2,995
	\$ 24,909	\$ 408,519	\$ 397,840	\$ 35,588
<u>CURRENT TAX COLLECTION FUND</u>				
ASSETS				
Cash and cash equivalents	\$ -	\$ 12,414,579	\$ 12,414,579	\$ -
LIABILITIES				
Due to other funds	-	9,219,633	9,219,633	-
Due to other governmental units	-	9,140,492	9,140,492	-
	\$ -	\$ 18,360,125	\$ 18,360,125	\$ -
<u>TRUST AND AGENCY FUND</u>				
ASSETS				
Cash and cash equivalents	\$ 24,329	\$ 32,894	\$ 23,144	\$ 34,079
Investments	7,860	85	-	7,945
	\$ 32,189	\$ 32,979	\$ 23,144	\$ 42,024
LIABILITIES				
Accounts payable	\$ -	\$ 37,915	\$ 37,915	\$ -
Deposits	32,189	34,613	24,778	42,024
	\$ 32,189	\$ 72,528	\$ 62,693	\$ 42,024
<u>TOTAL - ALL AGENCY FUNDS</u>				
ASSETS				
Cash and cash equivalents	\$ 49,238	\$ 12,667,127	\$ 12,646,698	\$ 69,667
Investments	7,860	85	-	7,945
	\$ 57,098	\$ 12,667,212	\$ 12,646,698	\$ 77,612
LIABILITIES				
Accounts payable	\$ 15,218	\$ 315,726	\$ 298,351	\$ 32,593
Due to other funds	-	9,219,633	9,219,633	-
Due to other governmental units	9,691	9,271,200	9,277,896	2,995
Deposits	32,189	34,613	24,778	42,024
<u>TOTAL LIABILITIES</u>	\$ 57,098	\$ 18,841,172	\$ 18,820,658	\$ 77,612

## COMPONENT UNITS

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The *Downtown Development Authority (DDA) Operating Fund* accumulates tax revenue "captured" in the DDA district for projects in the DDA district. Each year this fund transfers to the DDA Debt Service Fund an amount sufficient to pay the annual principal and interest on the DDA bonds and pay principal and interest on loans from other City funds.

The *Downtown Development Authority (DDA) Debt Service Fund* is used to make the DDA bond payments and to repay loans from other funds. The source of funds is a transfer from the DDA Operating Fund.

The *Local Development Finance Authority Funds (LDFA)* account for "captured" tax revenue in the LDFA districts. The "captured" tax revenue is used for further development in the district.

The *Brownfield Redevelopment Authority* accounts for "captured" tax revenue on specific properties within the City that have been identified and approved by the State of Michigan as brownfields requiring site reclamation. These revenues are used to reimburse property owners for expenses incurred for brownfield cleanup.

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**CITY OF SOUTH HAVEN**

**DOWNTOWN DEVELOPMENT AUTHORITY  
STATEMENT OF NET ASSETS AND GOVERNMENTAL FUNDS BALANCE SHEET**

**JUNE 30, 2004**

<u>ASSETS</u>	<u>OPERATING FUND</u>	<u>DEBT SERVICE</u>	<u>ADJUSTMENTS</u>	<u>STATEMENT OF NET ASSETS</u>
ASSETS				
Cash and cash equivalents	\$ 5	\$ 276	\$ -	\$ 281
Capital assets	-	-	3,846,958	3,846,958
<u>TOTAL ASSETS</u>	<u>\$ 5</u>	<u>\$ 276</u>	<u>3,846,958</u>	<u>3,847,239</u>
<u>LIABILITIES AND FUND EQUITY</u>				
LIABILITIES				
Accounts payable	\$ 43,321	\$ -	\$ -	\$ 43,321
Due to primary government	44,255	-	-	44,255
Advances from primary government	-	383,302	-	383,302
Bond payable				
Due within one year	-	-	185,000	185,000
Due in more than one year	-	-	2,940,000	2,940,000
<u>TOTAL LIABILITIES</u>	<u>87,576</u>	<u>383,302</u>	<u>3,125,000</u>	<u>3,595,878</u>
FUND BALANCE (DEFICIT)				
Undesignated	(87,571)	(383,026)	470,597	
<u>TOTAL LIABILITIES AND FUND BALANCE</u>	<u>\$ 5</u>	<u>\$ 276</u>	<u>3,595,597</u>	
<u>NET ASSETS</u>				
Invested in capital assets, net of related debt			721,958	721,958
Restricted for debt service			276	276
Unrestricted			(470,873)	(470,873)
Total net assets			<u>\$ 251,361</u>	<u>\$ 251,361</u>

**CITY OF SOUTH HAVEN**

**DOWNTOWN DEVELOPMENT AUTHORITY  
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUND  
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**

**FOR THE YEAR ENDED JUNE 30, 2004**

	OPERATING FUND	DEBT SERVICE	ADJUSTMENTS	STATEMENT OF ACTIVITIES
GENERAL REVENUES				
Property tax	\$ 675,699	\$ -	\$ -	\$ 675,699
Other income	11,515	348,000	-	359,515
Interest income	181	679	-	860
<b>TOTAL REVENUES</b>	<b>687,395</b>	<b>348,679</b>	<b>-</b>	<b>1,036,074</b>
EXPENDITURES/EXPENSES				
Capital outlay	337,569	-	(123,250)	214,319
Other	438,875	-	18,105	456,980
Debt service:				
Principal retirement	-	145,000	(145,000)	-
Interest and fiscal charges	-	145,821	-	145,821
<b>TOTAL EXPENDITURES/EXPENSES</b>	<b>776,444</b>	<b>290,821</b>	<b>(250,145)</b>	<b>817,120</b>
REVENUES OVER (UNDER) EXPENDITURES	(89,049)	57,858	(31,191)	-
CHANGES IN NET ASSETS			<u>\$ 218,954</u>	218,954
FUND BALANCES (DEFICITS)/NET ASSETS, BEGINNING OF YEAR	<u>1,478</u>	<u>(440,884)</u>		<u>32,407</u>
FUND BALANCES (DEFICITS)/ NET ASSETS, END OF YEAR	<u>\$ (87,571)</u>	<u>\$ (383,026)</u>		<u>\$ 251,361</u>

**CITY OF SOUTH HAVEN**

**DOWNTOWN DEVELOPMENT AUTHORITY OPERATING FUND  
SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL**

**FOR THE YEAR ENDED JUNE 30, 2004**

	ORIGINAL BUDGET	AMENDED BUDGET	ACTUAL	VARIANCE TO AMENDED BUDGET POSITIVE (NEGATIVE)
REVENUES				
Property tax	\$ 687,038	\$ 687,038	\$ 675,699	\$ (11,339)
Other income	-	-	11,515	11,515
Interest income	71,000	71,000	181	(70,819)
TOTAL REVENUES	758,038	758,038	687,395	(70,643)
EXPENDITURES				
Capital outlay	356,672	867,672	337,569	530,103
Other	438,875	438,875	438,875	-
TOTAL EXPENDITURES	795,547	1,306,547	776,444	530,103
NET CHANGE IN FUND BALANCE	(37,509)	(548,509)	(89,049)	459,460
FUND BALANCE, BEGINNING OF YEAR	1,478	1,478	1,478	-
FUND BALANCE DEFICIT, END OF YEAR	\$ (36,031)	\$ (547,031)	\$ (87,571)	\$ 459,460

**CITY OF SOUTH HAVEN**

**DOWNTOWN DEVELOPMENT AUTHORITY TAX INCREMENT DEBT SERVICE  
SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL**

**FOR THE YEAR ENDED JUNE 30, 2004**

	ORIGINAL BUDGET	AMENDED BUDGET	ACTUAL	VARIANCE TO AMENDED BUDGET POSITIVE (NEGATIVE)
REVENUES				
Other income	\$ 348,000	\$ 348,000	\$ 348,000	\$ -
Interest income	2,162	2,162	679	(1,483)
TOTAL REVENUES	350,162	350,162	348,679	(1,483)
EXPENDITURES				
Debt service:				
Principal retirement	145,000	145,000	145,000	-
Interest and fiscal charges	140,162	205,162	145,821	59,341
TOTAL EXPENDITURES	285,162	350,162	290,821	59,341
NET CHANGE IN FUND BALANCE	65,000	-	57,858	57,858
FUND DEFICIT, BEGINNING OF YEAR	(440,884)	(440,884)	(440,884)	-
FUND DEFICIT, END OF YEAR	\$ (375,884)	\$ (440,884)	\$ (383,026)	\$ 57,858



**CITY OF SOUTH HAVEN**

**LOCAL DEVELOPMENT FINANCE AUTHORITY #1  
SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL**

**FOR THE YEAR ENDED JUNE 30, 2004**

	ORIGINAL BUDGET	AMENDED BUDGET	ACTUAL	VARIANCE TO AMENDED BUDGET POSITIVE (NEGATIVE)
REVENUES				
Property tax	\$ 475,151	\$ 475,151	\$ 471,163	\$ (3,988)
Interest income	3,000	3,000	5,404	2,404
TOTAL REVENUES	478,151	478,151	476,567	(1,584)
EXPENDITURES				
Capital outlay	55,000	55,000	29,571	25,429
Other	305,000	655,000	655,000	-
TOTAL EXPENDITURES	360,000	710,000	684,571	25,429
NET CHANGE IN FUND BALANCE	118,151	(231,849)	(208,004)	23,845
FUND BALANCE, BEGINNING OF YEAR	911,519	911,519	911,519	-
FUND BALANCE, END OF YEAR	\$ 1,029,670	\$ 679,670	\$ 703,515	\$ 23,845

**CITY OF SOUTH HAVEN**

**LOCAL DEVELOPMENT FINANCE AUTHORITY #2  
SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL**

**FOR THE YEAR ENDED JUNE 30, 2004**

	ORIGINAL BUDGET	AMENDED BUDGET	ACTUAL	VARIANCE TO AMENDED BUDGET POSITIVE (NEGATIVE)
REVENUES				
Property tax	\$ 24,027	\$ 24,027	\$ 27,996	\$ 3,969
Interest income	400	400	402	2
TOTAL REVENUES	24,427	24,427	28,398	3,971
EXPENDITURES				
Other expenses	13,770	18,770	18,770	-
NET CHANGE IN FUND BALANCE	10,657	5,657	9,628	3,971
FUND BALANCE, BEGINNING OF YEAR	101,822	101,822	101,822	-
FUND BALANCE, END OF YEAR	\$ 112,479	\$ 107,479	\$ 111,450	\$ 3,971

# CITY OF SOUTH HAVEN

## LOCAL DEVELOPMENT FINANCE AUTHORITY #3 STATEMENT OF NET ASSETS AND GOVERNMENTAL FUNDS BALANCE SHEET

JUNE 30, 2004

<u>ASSETS</u>	OPERATING FUND	ADJUSTMENTS	STATEMENT OF NET ASSETS
ASSETS			
Cash and cash equivalents	\$ 192	\$ -	\$ 192
Due from other governmental units	925,263	-	925,263
Capital Assets	-	157,500	157,500
<u>TOTAL ASSETS</u>	<u>\$ 925,455</u>	<u>\$ 157,500</u>	<u>\$ 1,082,955</u>
 <u>LIABILITIES</u>			
LIABILITIES			
Accounts payable	\$ 5,731	\$ -	\$ 5,731
Due to other component units	1,111,910	-	1,111,910
Note payable	-	350,000	350,000
 TOTAL LIABILITIES	 1,117,641	 350,000	 1,467,641
FUND BALANCE (DEFICIT)			
Undesignated	(192,186)	(192,186)	-
<u>TOTAL LIABILITIES AND FUND BALANCE</u>	<u>\$ 925,455</u>	<u>-</u>	<u>-</u>
 NET ASSETS			
Capital assets net of related debt		(192,500)	(192,500)
Net assets - unrestricted (deficit)		(192,186)	(192,186)
 <u>TOTAL NET ASSETS (DEFICIT)</u>		<u>\$ (384,686)</u>	<u>\$ (384,686)</u>

**CITY OF SOUTH HAVEN**

**LOCAL DEVELOPMENT FINANCE AUTHORITY #3  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND  
BALANCE/ STATEMENT OF ACTIVITIES**

**FOR THE YEAR ENDED JUNE 30, 2004**

	OPERATING FUND	ADJUSTMENTS	STATEMENT OF ACTIVITIES
REVENUES			
Property tax	\$ 181,135	\$ -	\$ 181,135
Federal grant	482,388	-	482,388
Other	270,870	(142,320)	128,550
TOTAL REVENUES	934,393	(142,320)	792,073
EXPENDITURES/ EXPENSES			
Community development	151,667	-	151,667
Debt Service:			
Principal retirement	235,460	(235,460)	-
TOTAL EXPENDITURES/ EXPENSES	387,127	(235,460)	151,667
OTHER FINANCING SOURCE			
Proceeds from issuance of long term debt	350,000	(350,000)	-
NET CHANGE IN FUND BALANCE	897,266	(897,266)	-
CHANGES IN NET ASSETS		<u>\$ 640,406</u>	640,406
FUND BALANCES (DEFICITS)/NET ASSETS, BEGINNING OF YEAR	<u>(1,089,452)</u>		<u>(1,025,092)</u>
FUND BALANCES (DEFICITS)/NET ASSETS, END OF YEAR	<u>\$ (192,186)</u>		<u>\$ (384,686)</u>

**CITY OF SOUTH HAVEN**

**LOCAL DEVELOPMENT FINANCE AUTHORITY #3  
SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL**

**FOR THE YEAR ENDED JUNE 30, 2004**

	ORIGINAL BUDGET	AMENDED BUDGET	ACTUAL	VARIANCE TO AMENDED BUDGET POSITIVE (NEGATIVE)
REVENUES				
Property tax	\$ 181,406	\$ 181,406	\$ 181,135	\$ (271)
Federal grant	-	-	482,388	482,388
Other	-	-	270,870	270,870
TOTAL REVENUES	181,406	181,406	934,393	752,987
EXPENDITURES				
Community development	40,000	153,000	151,667	1,333
Debt Service:				
Principal retirement	30,000	235,460	235,460	-
TOTAL EXPENDITURES	30,000	235,460	387,127	(151,667)
OTHER FINANCING SOURCE				
Proceeds from issuance of long term debt	-	-	350,000	350,000
NET CHANGE IN FUND BALANCE	151,406	(54,054)	897,266	1,254,654
FUND DEFICIT, BEGINNING OF YEAR	(1,089,452)	(1,089,452)	(1,089,452)	-
FUND DEFICIT, END OF YEAR	\$ (938,046)	\$ (1,143,506)	\$ (192,186)	\$ 1,254,654

**SCHEDULE OF INDEBTEDNESS**

**CITY OF SOUTH HAVEN**  
**SCHEDULE OF INDEBTEDNESS**  
**JUNE 30, 2004**

**PRIMARY GOVERNMENT DEBT:**  
**GENERAL OBLIGATION DEBT**  
 1996 Building Authority Refunding Bonds

DATE OF ISSUE	AMOUNT OF ISSUE	INTEREST RATES	DATE OF MATURITY	PRINCIPAL	INTEREST	AMOUNT OF TOTAL OUTSTANDING
1/1/1997	\$ 1,895,000	4.1 - 5.4	6/1/2005	\$	60,275	\$ 220,275
			6/1/2006	155,000	52,435	207,435
			6/1/2007	205,000	44,685	249,685
			6/1/2008	200,000	34,230	234,230
			6/1/2009	200,000	23,830	223,830
			6/1/2010	245,000	13,230	258,230
				1,165,000	228,685	1,393,685

2001 Building Authority Bonds, (Limited Tax General Obligation)

11/1/2001	3,700,000	3.25-4.50%	11/1/2004	135,000	70,408	205,408
			5/1/2005	70,408	70,408	70,408
			11/1/2005	140,000	68,087	208,087
			5/1/2006	68,087	68,087	68,087
			11/1/2006	140,000	65,637	205,637
			5/1/2007	65,637	65,637	65,637
			11/1/2007	145,000	63,143	208,143
			5/1/2008	63,143	63,143	63,143
			11/1/2008	155,000	60,460	215,460
			5/1/2009	60,460	60,460	60,460
			11/1/2009	160,000	57,545	217,545
			5/1/2010	57,545	57,545	57,545
			11/1/2010	165,000	54,395	219,395
			5/1/2011	54,395	54,395	54,395
			11/1/2011	170,000	51,045	221,045
			5/1/2012	51,045	51,045	51,045
			11/1/2012	180,000	47,500	227,500
			5/1/2013	47,500	47,500	47,500
			11/1/2013	190,000	43,660	233,660
			5/1/2014	43,660	43,660	43,660
			11/1/2014	195,000	39,569	234,569
			5/1/2015	39,569	39,569	39,569
			11/1/2015	205,000	35,218	240,218
			5/1/2016	35,218	35,218	35,218
			11/1/2016	215,000	30,544	245,544
			5/1/2017	30,544	30,544	30,544
			11/1/2017	225,000	25,594	250,594
			5/1/2018	25,594	25,594	25,594
			11/1/2018	240,000	20,363	260,363
			5/1/2019	20,363	20,363	20,363
			11/1/2019	250,000	14,850	264,850
			5/1/2020	14,850	14,850	14,850
			11/1/2020	260,000	9,113	269,113
			5/1/2021	9,113	9,113	9,113
			11/1/2021	275,000	6,188	281,188
				3,445,000	1,520,443	4,965,443

(Continued)

**CITY OF SOUTH HAVEN**  
**SCHEDULE OF INDEBTEDNESS (CONTINUED)**  
**June 30, 2004**

DATE OF ISSUE	AMOUNT OF ISSUE	INTEREST RATES	DATE OF MATURITY	PRINCIPAL	INTEREST	AMOUNT OF	
						TOTAL OUTSTANDING	
01/01/03	5,800,000	2.50 - 4.625%	11/01/04	\$ -	\$ 111,835	\$	111,835
			05/01/05	155,000	111,835		266,835
			11/01/05		109,898		109,898
			05/01/06	160,000	109,898		269,898
			11/01/06		107,898		107,898
			05/01/07	160,000	107,898		267,898
			11/01/07		105,898		105,898
			05/01/08	165,000	105,898		270,898
			11/01/08		103,629		103,629
			05/01/09	170,000	103,629		273,629
			11/01/09		101,079		101,079
			05/01/10	180,000	101,079		281,079
			11/01/10		98,154		98,154
			05/01/11	185,000	98,154		283,154
			11/01/11		94,916		94,916
			05/01/12	190,000	94,916		284,916
			11/01/12		91,354		91,354
			05/01/13	200,000	91,354		291,354
			11/01/13		87,354		87,354
			05/01/14	210,000	87,354		297,354
			11/01/14		83,154		83,154
			05/01/15	215,000	83,154		298,154
			11/01/15		78,854		78,854
			05/01/16	225,000	78,854		303,854
			11/01/16		74,354		74,354
			05/01/17	235,000	74,354		309,354
			11/01/17		69,536		69,536
			05/01/18	245,000	69,536		314,536
			11/01/18		64,391		64,391
			05/01/19	260,000	64,391		324,391
			11/01/19		58,866		58,866
			05/01/20	270,000	58,866		328,866
			11/01/20		53,061		53,061
			05/01/21	285,000	53,061		338,061
			11/01/21		46,791		46,791
			05/01/22	300,000	46,791		346,791
			11/01/22		40,041		40,041
			05/01/23	315,000	40,041		355,041
			11/01/23		32,796		32,796
			05/01/24	330,000	32,796		362,796
			11/01/24		25,206		25,206
			05/01/25	345,000	25,206		370,206
			11/01/25		17,228		17,228
			05/01/26	365,000	17,228		382,228
			11/01/26		8,788		8,788
			05/01/27	380,000	8,788		388,788
				5,545,000	3,330,159		8,875,159
				276,594	-		276,594
				10,431,594	5,079,287		15,510,881

Accumulated Employee Benefits

TOTAL GENERAL OBLIGATION DEBT

(Continued)



**CITY OF SOUTH HAVEN**  
**SCHEDULE OF INDEBTEDNESS (CONTINUED)**  
*June 30, 2004*

**PRIMARY GOVERNMENT DEBT:**  
**ENTERPRISE FUND**  
 Electric Utility System Revenue Bonds, Series 1996

DATE OF ISSUE	AMOUNT OF ISSUE	INTEREST RATES	DATE OF MATURITY	PRINCIPAL	INTEREST	AMOUNT OF TOTAL OUTSTANDING
9/1/1996	\$ 2,200,000	4.25 - 7.25%	9/1/2004	\$ 90,000	\$ 88,460	\$ 178,460
			9/1/2005	95,000	81,754	176,754
			9/1/2006	100,000	74,685	174,685
			9/1/2007	105,000	67,647	172,647
			9/1/2008	110,000	61,320	171,320
			9/1/2009	120,000	55,165	175,165
			9/1/2010	125,000	48,487	173,487
			9/1/2011	135,000	41,338	176,338
			9/1/2012	140,000	33,775	173,775
			9/1/2013	150,000	25,800	175,800
			9/1/2014	160,000	18,275	178,275
			9/1/2015	170,000	11,262	181,262
			9/1/2016	180,000	3,825	183,825
				1,680,000	611,793	2,291,793

Water System Supply Revenue Bonds, Series 2001

5/23/2001	\$ 470,000	3.80 - 5.35%	10/1/2004	-	10,430	-
			4/1/2005	15,000	10,430	35,860
			10/1/2005	-	10,126	-
			4/1/2006	15,000	10,126	35,252
			10/1/2006	-	9,819	-
			4/1/2007	20,000	9,819	39,638
			10/1/2007	-	9,399	-
			4/1/2008	20,000	9,399	38,798
			10/1/2008	-	8,969	-
			4/1/2009	20,000	8,969	37,938
			10/1/2009	-	8,529	-
			4/1/2010	20,000	8,529	37,058
			10/1/2010	-	8,079	-
			4/1/2011	20,000	8,079	36,158
			10/1/2011	-	7,619	-
			4/1/2012	25,000	7,619	40,238
			10/1/2012	-	7,031	-
			4/1/2013	25,000	7,031	39,062
			10/1/2013	-	6,425	-
			4/1/2014	25,000	6,425	37,850
			10/1/2014	-	5,800	-
			4/1/2015	25,000	5,800	36,600
			10/1/2015	-	5,163	-
			4/1/2016	30,000	5,163	40,326

(Continued)

**CITY OF SOUTH HAVEN**  
**SCHEDULE OF INDEBTEDNESS (CONTINUED)**  
June 30, 2004

					AMOUNT OF	
DATE	AMOUNT	INTEREST	DATE OF		TOTAL	
OF ISSUANCE	OF ISSUANCE	RATES	MATURITY	PRINCIPAL	INTEREST	OUTSTANDING
				\$	\$	
10/1/2016					4,383	-
4/1/2017				30,000	4,383	38,766
10/1/2017				-	3,595	-
4/1/2018				30,000	3,595	37,190
10/1/2018				-	2,800	-
4/1/2019				35,000	2,800	40,600
10/1/2019				-	1,873	-
4/1/2020				35,000	1,873	38,746
10/1/2020				-	936	-
4/1/2021				35,000	936	36,872
				425,000	221,952	646,952
				2,105,000	833,745	2,938,745
TOTAL ENTERPRISE FUND BONDS AND NOTES						
PRIMARY GOVERNMENT DEBT:						
INTERNAL SERVICE FUND DEBT						
Installment Purchase Contract, Fire Truck						
4/16/2002	500,000	3.90%	10/1/2004	50,000	5,850	55,850
			4/1/2005	50,000	4,875	54,875
			10/1/2005	50,000	3,900	53,900
			4/1/2006	50,000	2,925	52,925
			10/1/2006	50,000	1,950	51,950
			4/1/2007	50,000	975	50,975
				300,000	20,475	320,475
				300,000	20,475	320,475
				12,836,594	5,933,507	18,770,101
TOTAL INTERNAL SERVICE FUND BONDS AND NOTES						
TOTAL LONG-TERM DEBT-PRIMARY GOVERNMENT						

(Continued)

**CITY OF SOUTH HAVEN**  
**SCHEDULE OF INDEBTEDNESS (CONTINUED)**  
*June 30, 2004*

**COMPONENT UNIT DEBT**  
**2001 Tax Increment Refunding Bonds**

DATE OF ISSUE	AMOUNT OF ISSUE	INTEREST RATES	DATE OF MATURITY	PRINCIPAL	INTEREST	AMOUNT OF TOTAL OUTSTANDING
8/1/2001	\$ 3,395,000	3.25 - 4.50%	5/1/2005	185,000	127,473	312,473
			5/1/2006	210,000	121,368	331,368
			5/1/2007	235,000	114,018	349,018
			5/1/2008	270,000	105,558	375,558
			5/1/2009	280,000	95,298	375,298
			5/1/2010	290,000	84,098	374,098
			5/1/2011	305,000	72,498	377,498
			5/1/2012	315,000	59,993	374,993
			5/1/2013	330,000	46,605	376,605
			5/1/2014	345,000	32,085	377,085
			5/1/2015	360,000	16,560	376,560
				3,125,000	875,554	4,000,554

**MEDDC/CDBG Loan Repayment**

2004	350,000	0%	1/1/2005	7,609	-	7,609
			4/1/2005	7,609	-	7,609
			7/1/2005	7,609	-	7,609
			10/1/2005	7,609	-	7,609
			1/1/2006	7,609	-	7,609
			4/1/2006	7,609	-	7,609
			7/1/2006	7,609	-	7,609
			10/1/2006	7,609	-	7,609
			1/1/2007	7,609	-	7,609
			4/1/2007	7,609	-	7,609
			7/1/2007	7,609	-	7,609
			10/1/2007	7,609	-	7,609
			1/1/2008	7,609	-	7,609
			4/1/2008	7,609	-	7,609
			7/1/2008	7,609	-	7,609
			10/1/2008	7,609	-	7,609
			1/1/2009	7,609	-	7,609
			4/1/2009	7,609	-	7,609
			7/1/2009	7,609	-	7,609
			10/1/2009	7,609	-	7,609
			1/1/2010	7,609	-	7,609
			4/1/2010	7,609	-	7,609
			7/1/2010	7,609	-	7,609
			10/1/2010	7,609	-	7,609
			1/1/2011	7,609	-	7,609
			4/1/2011	7,609	-	7,609
			7/1/2011	7,609	-	7,609
			10/1/2011	7,609	-	7,609
			1/1/2012	7,609	-	7,609
			4/1/2012	7,609	-	7,609
			7/1/2012	7,609	-	7,609
			10/1/2012	7,609	-	7,609
			1/1/2013	7,609	-	7,609
			4/1/2013	7,609	-	7,609

(Continued)

**CITY OF SOUTH HAVEN**  
**SCHEDULE OF INDEBTEDNESS (CONTINUED)**  
**June 30, 2004**

10/1/2013	7,609	-	7,609
1/1/2014	7,609	-	7,609
4/1/2014	7,609	-	7,609
7/1/2014	7,609	-	7,609
10/1/2014	7,609	-	7,609
1/1/2015	7,609	-	7,609
4/1/2015	7,609	-	7,609
7/1/2015	7,609	-	7,609
10/1/2015	7,609	-	7,609
1/1/2016	7,609	-	7,609
4/1/2016	7,609	-	7,609
	342,392	-	342,392

**TOTAL COMPONENT UNITS**

3,467,392	875,554	4,342,946
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**TOTAL LONG-TERM DEBT - REPORTING ENTITY**

\$ 16,303,986	\$ 6,809,061	\$ 23,113,046
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(Concluded)

CITY OF SOUTH HAVEN, MICHIGAN

GENERAL GOVERNMENTAL REVENUE BY SOURCE (NOTE A)

1995 THROUGH 2004

(UNAUDITED)

Year Ended June 30,	Taxes and Special Assessments	Licenses and Permits	Inter- Governmental Revenue	Charges for Services (Note B)	Fines and Forfeits	Interest and Rents	Other Revenues	Total
1995	\$ 2,168,950	\$ 59,753	\$ 1,502,094	\$ 404,005	\$ 18,590	\$ 242,910	\$ 222,689	\$ 4,618,991
1996	2,296,333	66,892	1,173,759	289,143	24,753	326,710	265,578	4,443,168
1997	2,439,042	85,189	1,087,727	252,608	17,364	326,986	343,720	4,552,636
1998	2,607,718	70,815	1,325,992	954,729	18,520	377,824	275,366	5,630,964
1999	2,740,816	101,996	1,161,010	902,597	20,346	321,169	279,761	5,527,695
2000	2,925,742	127,518	1,399,101	697,352	20,906	359,909	547,378	6,077,906
2001	3,400,043	134,301	1,303,555	340,751	20,558	395,137	288,655	5,883,000
2002	3,537,231	143,436	1,279,902	349,281	17,679	348,779	243,831	5,920,139
2003	3,774,620	170,568	1,130,003	391,995	22,460	370,200	232,383	6,092,229
2004	4,244,771	236,824	1,446,941	393,918	25,635	390,991	352,164	7,091,244

Note A Includes General, Special Revenue, Debt Service, Capital Projects, and Permanent Funds  
 Note B Prior to 1998, charges for services performed by the General Fund were treated as operating transfers from other City funds.  
 Note C Prior to 2000, Charges for insurance included Beach Fund revenue

Source City Records

**CITY OF SOUTH HAVEN, MICHIGAN**

**GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION (NOTE A)**

**1995 THROUGH 2004**

**(UNAUDITED)**

<b>Year Ended June 30,</b>	<b>General Government (Note A)</b>	<b>Public Safety</b>	<b>Public Works</b>	<b>Highway and Streets</b>	<b>Health and Welfare</b>	<b>Recreation and Culture</b>	<b>Debt Service</b>	<b>Capital Projects</b>	<b>Other Functions</b>	<b>Total</b>
1995	\$ 2,011,162	\$ 1,845,555	\$ 490,799	\$ 704,342	\$ 296,714	\$ 188,011	\$ 186,462	\$ 18,338	\$ 32,918	\$ 5,774,301
1996	1,379,240	2,053,539	641,282	327,374	274,066	234,135	181,963	229,979	34,090	5,355,668
1997	1,143,913	2,323,595	575,761	391,918	206,460	317,963	398,539	74,171	44,112	5,476,432
1998	1,070,678	2,364,308	571,752	608,009	218,724	302,695	413,138	609,800	89,631	6,248,735
1999	1,021,824	2,298,147	647,438	357,175	343,697	404,731	415,119	45,154	67,935	5,601,220
2000	1,130,325	2,488,445	655,259	345,394	504,161	237,670	376,193	150,336	45,373	5,933,156
2001	924,251	2,545,894	580,969	408,036	366,502	432,163	373,403	638,869	49,319	6,319,406
2002	913,585	2,668,544	506,239	301,153	484,164	312,193	495,228	2,468,556	136,331	8,285,993
2003	923,387	2,653,486	502,472	496,623	496,026	341,126	780,540	1,817,281	73,000	8,083,941
2004	917,662	2,783,710	558,238	556,535	875,958	312,214	854,299	4,212,122	115,011	11,185,749

Note A Includes General, Special Revenue, Debt Service, Capital Projects, and Permanent Funds

Note B Prior to 2000 Recreation and Culture included Beach Maintenance Fund

Source City Records

**CITY OF SOUTH HAVEN, MICHIGAN**  
**PROPERTY TAX LEVIES AND COLLECTIONS**  
**1995 THROUGH 2004**  
**(UNAUDITED)**

<u>Taxes Levied July 1,</u>	<u>Fiscal Year</u>	<u>Total Tax Levy (Note A)</u>	<u>Total Tax Collections (Note A)</u>	<u>Percent of Total Tax Collections Total Levy</u>	<u>Outstanding Delinquent Taxes</u>	<u>Delinquent Taxes to Tax Levy</u>
1994	06/30/95	\$ 1,908,590	\$ 1,903,459	99.73%	\$ 27,565	1.44%
1995	06/30/96	2,100,710	2,093,236	99.64%	32,756	1.56%
1996	06/30/97	2,216,505	2,211,500	99.77%	33,352	1.50%
1997	06/30/98	2,297,659	2,288,143	99.59%	52,847	2.30%
1998	06/30/99	2,645,966	2,639,901	99.77%	38,886	1.47%
1999	06/30/00	2,841,871	2,834,429	99.74%	40,288	1.42%
2000	06/30/01	3,017,302	3,009,487	99.74%	43,491	1.44%
2001	06/30/02	3,273,823	3,258,611	99.54%	31,784	0.97%
2002	06/30/03	3,541,194	3,518,955	99.37%	22,239	0.63%
2003	06/30/04	4,141,938	4,137,785	99.90%	4,153	0.10%

**Note A**      **1998 Tax Levy and Collections includes taxes collected for Library, Hospital and Senior Services, now accounted for through the General Fund.**

**Source**      **City Records**

# CITY OF SOUTH HAVEN, MICHIGAN

## STATE EQUALIZED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY

1995 THROUGH 2004

(UNAUDITED)

Fiscal Year Ending	Real Property			Personal Property			Total		Ratio of Totals State Equalized Value to Estimated Actual Value
	State Equalized Value	Estimated Actual Value		State Equalized Value	Estimated Actual Value		State Equalized Value	Estimated Actual Value	
1995	\$ 117,581,350	\$ 235,162,700	\$	\$ 15,948,750	\$ 31,897,500	\$	\$ 133,530,100	\$ 267,060,200	50.00
1996	130,797,713	261,595,426		21,139,250	42,278,500		151,936,963	303,873,926	50.00
1997	144,417,272	288,834,544		20,990,446	41,980,892		165,407,718	330,815,436	50.00
1998	165,294,297	330,588,594		20,633,959	41,267,918		185,928,256	371,856,512	50.00
1999	181,477,841	362,955,682		24,396,741	48,793,482		205,874,582	411,749,164	50.00
2000	200,035,763	400,071,526		26,556,381	53,112,762		226,592,144	453,184,288	50.00
2001	221,553,969	443,107,938		31,653,330	63,306,660		253,207,299	506,414,598	50.00
2002	242,599,600	485,199,200		37,190,200	74,380,400		279,789,800	559,579,600	50.00
2003	273,307,300	546,614,600		40,736,800	81,473,600		314,044,100	628,088,200	50.00
2004	303,648,900	607,297,800		40,933,100	81,866,200		344,582,000	689,164,000	

Source City Records



# CITY OF SOUTH HAVEN, MICHIGAN

## BREAKDOWN OF 2002 STATE EQUALIZED VALUATION BY CLASS OF PROPERTY

(2003 ASSESSMENT ROLL/BASED ON 12/31/02 TAX DAY)

(UNAUDITED)

Class of Property	State Equalized Valuation	Percent of Total
Agriculture	\$ 144,700	0.04 %
Commercial	54,761,600	15.89
Industrial	21,640,600	6.28
Residential	227,102,000	65.91
Personal	40,933,100	11.88
<b>Total</b>	<b>\$ 344,582,000</b>	<b>100.00 %</b>

## TEN LARGEST TAXPAYERS PER 2003 STATE EQUALIZED VALUATION (SEV)

Taxpayer	Type of Business	State Equalized Valuation	Percent of Total SEV
Wyckoff Chemical, Inc.	Manufacturing	\$ 18,317,400	5.32 %
Pullman Industries	Manufacturing	13,595,100	3.95
Wal Mart	Retail	5,256,300	1.53
Double J Molding	Manufacturing	3,792,600	1.10
Yale-South Haven Inc	Manufacturing	1,843,500	0.53
CCG Properties - SH LLC	Nursing Home	1,667,700	0.48
FRM Inc.	Hotel	1,649,700	0.48
Riverridge Retirement Village	Nursing Home	1,587,200	0.46
Basic Enterprises	Hotel	1,283,400	0.37
Sharda Inc	Hotel	1,184,300	0.34
<b>Ten Largest Taxpayers</b>		<b>50,177,200</b>	<b>14.56</b>
<b>Other Taxpayers</b>		<b>294,404,800</b>	<b>85.44</b>
<b>Total State Equalized Valuation</b>		<b>\$ 344,582,000</b>	<b>100.00 %</b>

Source      City Records

# CITY OF SOUTH HAVEN, MICHIGAN

## PROPERTY VALUE AND BANK DEPOSITS

1995 THROUGH 2004

(UNAUDITED)

Fiscal Year Ending		Property Value				Total	Bank Deposits
		Agriculture	Commerical	Industrial	Residential	Personal	
1995	\$ 236,200	\$ 41,710,400	\$ 14,312,100	\$ 178,904,000	\$ 31,897,500	\$ 267,060,200	N/A
1996	247,800	49,028,800	19,990,026	192,328,800	42,278,500	303,873,926	N/A
1997	263,128	54,258,286	19,748,378	195,259,916	42,833,884	312,363,592	N/A
1998	357,160	62,879,722	19,269,600	248,082,112	41,267,918	371,856,512	N/A
1999	365,960	63,835,126	22,676,740	276,077,856	48,793,482	411,749,164	N/A
2000	366,328	71,585,526	28,474,900	299,644,772	53,112,762	453,184,288	N/A
2001	366,328	77,349,208	29,141,988	334,109,914	62,212,030	503,179,468	N/A
2002	366,800	86,066,000	36,695,600	362,070,800	74,380,400	559,579,600	N/A
2003	369,000	99,694,800	42,047,000	404,503,800	81,473,600	628,088,200	N/A
2004	289,400	109,523,200	43,281,200	454,204,000	81,866,200	689,164,000	N/A
Source	City Records						

# CITY OF SOUTH HAVEN, MICHIGAN

## PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS (PER \$1,000 OF TAXABLE VALUE)

1995 THROUGH 2004

(UNAUDITED)

Year of Levy	General Operations	Garbage/ Refuse	Street	Narcotics	Library	Hospital	Senior Services	City Total	Non- Homestead School	Homestead School	State Education Tax	Community College	Intermediate School District	County	Total
1994 Homestead	12.3900	1.5066	0.0000	0.8195	0.4900	0.4000	0.0000	15.6061		2.8200	6.0000		6.6079	6.7200	37.7540
Non Homestead	12.3900	1.5066	0.0000	0.8195	0.4900	0.4000	0.0000	15.6061	20.8200		6.0000		6.6079	6.7200	55.7540
1995 Homestead	12.4305	1.4009	0.0000	0.8222	0.4900	0.4000	0.0000	15.5436		2.8200	6.0000		6.6079	6.7200	37.6915
Non Homestead	12.4305	1.4009	0.0000	0.8222	0.4900	0.4000	0.0000	15.5436	20.8200		6.0000		6.6079	6.7200	55.6915
1996 Homestead	12.4305	1.4436	0.0000	0.8222	0.4900	0.4000	0.0000	15.5863		2.8200	6.0000		6.6079	6.7200	37.7342
Non Homestead	12.4305	1.4436	0.0000	0.8222	0.4900	0.4000	0.0000	15.5863	20.8200		6.0000		6.6079	6.7200	55.7342
1997 Homestead	12.4305	1.3390	0.0000	0.8222	0.4900	0.4000	0.0000	15.4817		2.7000	6.0000		6.6079	6.7200	37.5096
Non Homestead	12.4305	1.3390	0.0000	0.8222	0.4900	0.4000	0.0000	15.4817	20.5996		6.0000		6.6079	6.7200	55.4092
1998 Homestead	12.2378	1.2995	0.0000	0.8095	0.5900	0.3938	0.2500	15.5806		2.6300	6.0000		6.5907	6.7071	37.5084
Non Homestead	12.2378	1.2995	0.0000	0.8095	0.5900	0.3938	0.2500	15.5806	20.2664		6.0000		6.5907	6.7071	55.1448
1999 Homestead	12.0824	1.4800	0.0000	0.7992	0.5900	0.3887	0.2468	15.5871		2.6300	6.0000		6.5371	6.6520	37.4062
Non Homestead	12.0824	1.4800	0.0000	0.7992	0.5900	0.3887	0.2468	15.5871	20.1059		6.0000		6.5371	6.6520	54.8821
2000 Homestead	11.7960	1.3540	0.0000	0.7802	0.5900	0.3794	0.2409	15.1405		2.6300	6.0000		6.4754	6.5993	36.8452
Non Homestead	11.7960	1.3540	0.0000	0.7802	0.5900	0.3794	0.2409	15.1405	19.7371		6.0000		6.4754	6.5993	53.9523
2001 Homestead	11.5954	1.3540	0.0000	0.7669	0.5900	0.3729	0.2368	14.9160		2.6300	6.0000		6.4390	6.5641	36.5491
Non Homestead	11.5954	1.3540	0.0000	0.7669	0.5900	0.3729	0.2368	14.9160	20.6300		6.0000		6.4390	6.5641	54.5491
2002 Homestead	11.3808	1.3540	0.0000	0.7527	0.5900	0.3660	0.2500	14.6935		3.9716	6.0000	1.8416	6.3558	6.5138	39.3763
Non Homestead	11.3808	1.3540	0.0000	0.7527	0.5900	0.3660	0.2500	14.6935	21.6119		6.0000	1.8416	6.3558	6.5138	57.0166
2003 Homestead	11.1190	1.3540	1.7097	0.7353	0.5900	0.3575	0.2442	16.1097		4.4300	5.0000	1.8209	6.2641	6.4264	40.0511
Non Homestead	11.1190	1.3540	1.7097	0.7353	0.5900	0.3575	0.2442	16.1097	22.4256		5.0000	1.8209	6.2641	6.4264	58.0467

Source City Records

**CITY OF SOUTH HAVEN, MICHIGAN**  
**SPECIAL ASSESSMENT BILLINGS AND COLLECTIONS**

**1995 THROUGH 2004**

**(UNAUDITED)**

<b><u>Year Ended June 30,</u></b>	<b><u>Special Assessment Billings</u></b>	<b><u>Special Assessment Collections (Note A)</u></b>
1995	\$ -	\$ 1,160
1996	-	1,160
1997	-	1,160
1998	49,193	137,922
1999	32,246	66,613
2000	94,081	85,574
2001	41,527	33,352
2002	32,750	120,177
2003	29,530	30,838
2004	141,997	282,854

**Note A**      **Includes prepayments.**

**Source**      **City Records**

# CITY OF SOUTH HAVEN, MICHIGAN

## RATIO OF GENERAL BONDED DEBT TO STATE EQUALIZED VALUE (SEV) AND BONDED DEBT SERVICES PER CAPITA

1995 THROUGH 2004

(UNAUDITED)

Year Ended June 30,	Estimated Population	State Equalized Valuation	General Obligation Bonds	Less Available Debt Service Funds	Net Bonded Debt	Ratio of Net Debt to SEV	Net Bonded Debt Per Capita
1995	5,563	\$ 133,530,100	\$ 1,925,000	\$ 11,027	\$ 1,913,973	1.43%	344
1996	5,563	151,936,963	1,875,000	10,970	1,864,030	1.23%	335
1997	5,563	165,407,718	1,995,000	23,360	1,971,640	1.19%	354
1998	5,563	185,928,256	2,480,000	125,828	2,354,172	1.27%	423
1999	5,563	205,874,582	2,245,000	135,002	2,109,998	1.02%	379
2000	5,563	226,592,144	2,000,000	117,771	1,882,229	0.83%	338
2001	5,021	253,207,299	1,725,000	91,542	1,633,458	0.65%	325
2002	5,021	279,789,800	5,140,000	33,368	5,106,632	1.83%	1,017
2003	5,021	314,044,100	10,570,000	34,519	10,535,481	3.35%	2,098
2004	5,021	344,582,000	10,155,000	35,617	10,119,383	2.94%	2,015

Source City Records

# **CITY OF SOUTH HAVEN, MICHIGAN**

## **RATIO OF ANNUAL DEBT SERVICE EXPENDITURES FOR GENERAL OBLIGATION BONDED DEBT TO TOTAL GENERAL FUND EXPENDITURES**

**1995 THROUGH 2004**

**(UNAUDITED)**

<b>Year Ended June 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total Debt Service</b>	<b>Total General Fund Expenditures</b>	<b>Ratio of Debt Service to General Fund Expenditures</b>
1995	\$ 50,000	\$ 136,462	\$ 186,462	\$ 4,620,444	1 to 24.78
1996	50,000	131,963	181,963	4,342,748	1 to 23.87
1997	65,000	172,281	237,281	4,343,966	1 to 18.31
1998	225,000	122,995	347,995	4,418,651	1 to 12.70
1999	235,000	117,385	352,385	4,290,195	1 to 12.17
2000	245,000	109,388	354,388	4,557,971	1 to 12.86
2001	275,000	99,003	374,003	4,350,139	1 to 11.63
2002	285,000	161,754	446,754	4,499,628	1 to 10.07
2003	370,000	299,583	669,583	4,519,274	1 to 6.68
2004	415,000	439,299	854,299	4,654,833	1 to 5.45

**Source      City Records**

# CITY OF SOUTH HAVEN, MICHIGAN

## COMPUTATION OF LEGAL DEBT MARGIN FOR GENERAL OBLIGATION BONDS

JUNE 30, 2004

(UNAUDITED)

State Equalized Valuation		\$ 344,582,000
Debt Limit - 10% of State Equalized Value		\$ 34,458,200
Amount of Debt Applicable to Limit		
Building Authority #1	\$ 1,165,000	
Building Authority #2	3,445,000	
Capital Improvement	5,545,000	
Downtown Development Authority	3,125,000	
	<u>13,280,000</u>	
Less: Assets Available for Debt Service		
Building Authority #1	(25,927)	
Building Authority #2	(9,620)	
Capital Improvement	(220)	
Plus: Downtown Development Authority Deficit	<u>383,026</u>	
Net General Obligation Debt Subject to Limitation		<u>13,627,259</u>
Legal Debt Margin for General Obligation Bonds		<u>\$ 20,830,941</u>

## COMPUTATION OF LEGAL DEBT MARGIN FOR SPECIAL ASSESSMENT BONDS

JUNE 30, 2004

(UNAUDITED)

State Equalized Valuation	\$ 344,582,000
Debt Limit - 12% of State Equalized Value	\$ 41,349,840
Legal Debt Margin for Special Assessment Bonds	<u>\$ 41,349,840</u>

Source City Records

# CITY OF SOUTH HAVEN, MICHIGAN

## COMPUTATION OF DIRECT AND OVERLAPPING DEBT

JUNE 30, 2004

(UNAUDITED)

Name of Governmental Unit	Bonds Outstanding	Balances on Hand	Net Debt Outstanding	Percentage Applicable to City	City's Share of Debt
<b>City of South Haven Direct Debt</b>					
Building Authority Bonds (LTGO)	\$ 1,165,000	\$ 25,777	\$ 1,139,223		
Building Authority Bonds (LTGO)	3,445,000	9,620	3,435,380		
Electric Revenue Bonds	1,680,000	220,000	1,460,000		
Capital Improvement Bonds (LTGO)	5,545,000	220	5,544,780		
Downtown Development Authority Bonds (LTGO)	3,125,000	(383,026)	3,508,026		
Water System Revenue Bonds	425,000	46,570	378,430		
<b>Total Direct Debt</b>	<b>\$ 15,385,000</b>	<b>\$ (80,839)</b>	<b>15,465,839</b>	<b>100.00 %</b>	<b>\$ 15,465,839</b>
<b>City of South Haven Overlapping Debt</b>					
South Haven Public Schools (Note A)			35,527,000	51.98% %	18,466,935
Van Buren County (Note A)			4,958,440	11.85%	587,575
Allegan County (Note A)			12,594,880	0.08%	10,076
<b>Total Overlapping Debt</b>			<b>53,080,320</b>		<b>19,064,586</b>
<b>Total Direct and Overlapping Debt</b>			<b>\$ 68,546,159</b>		<b>\$ 34,530,425</b>

**Note A**      Overlapping jurisdictions outstanding and overlapping debt as of June 30, 2004.

**Source**      City Records and Municipal Advisory Council of Michigan



# CITY OF SOUTH HAVEN

## REVENUE BOND COVERAGE

1995 THROUGH 2004

(UNAUDITED)

	Year Ended June 30,	Revenue and Other Sources	Expenses and Other Uses (Note A)	Net Revenue Available for Debt Service	Principal	Interest	Total	Coverage
Electric Utility System Revenue Bonds (serviced by the Electric Fund)	1995	\$ 7,525,148	\$ 6,793,376	\$ 731,772	\$ -	\$ -	\$ -	N/A
	1996	7,933,791	7,111,096	822,695	-	-	-	N/A
	1997	7,831,110	6,802,026	1,029,084	-	64,468	64,468	15.96
	1998	8,069,133	7,362,374	706,759	65,000	127,638	192,638	3.67
	1999	9,496,155	7,999,885	1,496,270	65,000	123,004	188,004	7.96
	2000	9,399,172	8,028,854	1,370,318	70,000	117,991	187,991	7.29
	2001	9,516,255	7,575,493	1,940,762	75,000	112,204	187,204	10.37
	2002	9,045,029	8,189,678	855,351	80,000	106,585	186,585	4.58
	2003	10,079,126	8,305,669	1,773,457	80,000	100,805	180,805	9.81
	2004	9,472,686	8,611,407	861,279	85,000	94,804	179,804	4.79
Revenue Bonds (serviced by the Sewer Fund)	1995	928,557	740,621	187,936	75,000	119,335	194,335	0.97
	1996	951,215	806,776	144,439	75,000	112,585	187,585	0.77
	1997	819,463	855,475	(36,012)	80,000	103,472	183,472	-0.20
	1998	1,023,366	840,945	182,421	90,000	97,933	187,933	0.97
	1999	1,286,347	815,054	471,293	95,000	92,112	187,112	2.52
	2000	1,383,236	987,872	395,364	100,000	82,653	182,653	2.16
	2001	1,134,789	939,782	195,007	110,000	73,785	183,785	1.06
	2002	1,350,063	978,433	371,630	115,000	65,865	180,865	2.05
	2001	1,032,247	874,736	157,511	0	0	0	
	2002	1,194,673	906,035	288,638	15,000	20,730	35,730	8.08
Water System Revenue Bonds (serviced by the Water Fund)	2003	1,289,701	1,190,183	99,518	15,000	22,045	37,045	2.69
	2004	2,233,347	1,200,839	1,032,508	15,000	21,460	36,460	28.32

Note A Excludes depreciation and amortization expense.

Source City Records

# CITY OF SOUTH HAVEN

## CONSTRUCTION (Note A)

1995 THROUGH 2004

(UNAUDITED)

Calendar Year	Commercial Construction		Residential Construction		Industrial Construction		Total Construction	
	Number of Permits	Value	Number of Permits	Value	Number of Permits	Value	Number of Permits	Value
1994	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
1995	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
1996	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
1997	88	\$ 5,504,996	327	\$ 3,208,463	12	\$ 4,234,445	427	\$ 12,947,904
1998	81	2,273,811	354	4,956,068	15	3,092,009	450	10,321,888
1999	42	4,816,060	368	5,380,315	11	1,494,415	421	11,690,790
2000	75	4,322,486	354	7,031,307	24	3,445,976	453	14,799,769
2001	80	5,567,901	314	5,750,413	13	301,423	407	11,619,737
2002	64	4,801,292	333	9,186,942	12	2,690,909	409	16,679,143
2003	75	12,640,640	303	9,909,082	2	606,000	380	23,155,722

Note A Data unavailable prior to calendar year 1997.

Source City Records

# **CITY OF SOUTH HAVEN, MICHIGAN**

## **DEMOGRAPHIC STATISTICS**

**1995 THROUGH 2004**

**(UNAUDITED)**

<b>Year</b>	<b>Population (Note A)</b>	<b>Per Capita Income (Note A)</b>	<b>Median Age (Note A)</b>	<b>Education Level</b>	<b>Public School Enrollment (Note B)</b>	<b>Unemployment Rate (Note C)</b>
1994	5,563	N/A	N/A	N/A	2,935	6.8%
1995	5,563	N/A	N/A	N/A	2,724	6.7%
1996	5,563	N/A	N/A	N/A	2,746	6.6%
1997	5,563	N/A	N/A	N/A	2,786	5.6%
1998	5,563	N/A	N/A	N/A	2,809	4.5%
1999	5,563	N/A	N/A	N/A	2,719	4.0%
2000	5,563	N/A	N/A	N/A	2,628	4.0%
2001	5,021	N/A	42.1	N/A	2,397	4.9%
2002	5,021	N/A	42.1	N/A	2,435	6.4%
2003	5,021	N/A	42.1	N/A	2,466	7.3%

**Source:**

**Note A** 1990 Census Data/2000 Census Data

**Note B** Michigan Department of Education (public school system includes  
area greater than City of South Haven)

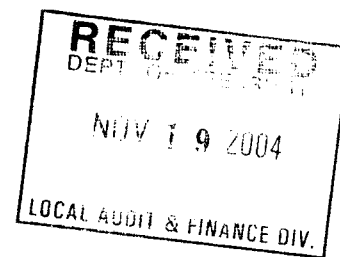
**Note C** Michigan Employment Security Commission

# CITY OF SOUTH HAVEN, MICHIGAN

## MISCELLANEOUS STATISTICS

JUNE 30, 2004

Date of Incorporation	1869
Form of Government	Council/Manager
Number employees:	
Full-time	73
Part-time and seasonal	74
Miles of streets	36.79
Culture and Recreation:	
Parks	10
Park acreage	49
Miles of beach frontage	1.00
Municipal marinas	4
Number of municipally owned boat slips	225
Feet of broadside dockage	600
Number of boat launches	9
Public owned museums	1
Not-for-profit museums	2
Fire Protection:	
Joint venture - South Haven Emergency Services Authority	
Police Protection:	
Number of stations	1
Number of substations	1
Number of sworn officers	20
Number of vehicular units	11
Sewage System:	
Miles of sanitary sewers	37.00
Miles of storm sewers	13.60
Number of treatment plants	1
Number of service connections	3,555
Daily average treatment in gallons	1,350,000
Maximum daily capacity of treatment plant in gallons	2,190,000
Water System:	
Miles of water mains	54
Number of service connections	4,398
Number of fire hydrants	406
Daily average consumption in gallons	1,381,000
Maximum daily capacity of plant in gallons	4,200,000
Electric Distribution System:	
Miles of service	115
Number of service connections	7,500
Number of distribution stations	2
Education:	
Number of public elementary schools (K-5)	5
Number of private elementary schools (K-8)	2
Number of public middle schools (6-8)	1
Number of public high schools (9-12)	1
Number of certified public school staff	148
Public school enrollment	2,355
Hospitals:	
Number of hospitals	1
Number of licensed patient beds	82



# **CITY OF SOUTH HAVEN, MICHIGAN**

## **FEDERAL AWARDS SINGLE AUDIT REPORT**

**FOR THE YEAR ENDED JUNE 30, 2004**



**REHMANN ROBSON**

*Certified Public Accountants*

# CITY OF SOUTH HAVEN

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# REHMANN ROBSON

*Certified Public Accountants*

*A member of THE REHMANN GROUP*

*An Independent Member of Baker Tilly International*

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND ON INTERNAL CONTROL  
OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

August 26, 2004

City Council  
City of South Haven, Michigan

We have audited the financial statements of the City of South Haven, Michigan as of and for the year ended June 30, 2004, and have issued our report thereon dated August 26, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

***Compliance***

As part of obtaining reasonable assurance about whether the City of South Haven's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

***Internal Control Over Financial Reporting***

In planning and performing our audit, we considered the City of South Haven's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the City Council, management, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



# REHMANN ROBSON

*Certified Public Accountants*

A member of THE REHMANN GROUP

An Independent Member of Baker Tilly International

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER  
COMPLIANCE IN ACCORDANCE  
WITH OMB CIRCULAR A-133**

August 26, 2004

City Council  
City of South Haven, Michigan

***Compliance***

We have audited the compliance of the City of South Haven, Michigan with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2004. The City of South Haven's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the City of South Haven's management. Our responsibility is to express an opinion on the City of South Haven's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of South Haven, compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City of South Haven's compliance with those requirements.

In our opinion, the City of South Haven complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2004.



### ***Internal Control Over Compliance***

The management of the City of South Haven is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the City of South Haven's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

### ***Schedule of Expenditures of Federal Awards***

We have audited the financial statements of the City of South Haven as of and for the year ended June 30, 2004, and have issued our report thereon dated August 26, 2004. Our audit was performed for the purpose of forming opinions on the financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

This report is solely intended for the information and use of the City Council, management, federal awarding agencies and pass-through entities and is not intended to be and should not be used by any one other than these specified parties.

*Rehmann Lohman*

**CITY OF SOUTH HAVEN**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**YEAR ENDED JUNE 30, 2004**

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<i><b>Program Title</b></i>	<u><b>Federal CFDA Number</b></u>	<u><b>Disbursements/ Expenditures</b></u>
Housing and Urban Development Community Developmental Block Grant	14.228	\$ 700,000
Department of Justice Bulletproof Vest Grant	16.607	<u>2,397</u>
<b>Total US Department of Commerce</b>		<u><b>\$702,397</b></u>

Note 1.

*Basis of Presentation*

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the City of South Haven and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements. Specifically, the \$700,000 Community Development Block Grant expenditures took place and were tested in years prior to the year the grant was awarded.

**CITY OF SOUTH HAVEN**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**YEAR ENDED JUNE 30, 2004**

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**SECTION I – SUMMARY OF AUDITORS' RESULTS**

***Financial Statements***

Type of auditor's report issued:

*Unqualified on financial statements*

Internal controls over financial reporting:

Material weakness(es) identified?

\_\_\_\_\_ yes        x   no

Reportable condition(s) identified not  
considered to be material weaknesses?

\_\_\_\_\_ yes        x   none reported

Noncompliance material to financial  
statements noted?

\_\_\_\_\_ yes        x   no

***Federal Awards***

Internal Control over major programs:

Material weakness(es) identified?

\_\_\_\_\_ yes        x   no

Reportable condition(s) identified not  
considered to be material weaknesses?

\_\_\_\_\_ yes        x   none reported

Type of auditor's report issued on compliance  
for major programs:

*Unqualified*

Any audit findings disclosed that are required to be  
reported in accordance with Circular A-133,  
Section 510(a)?

\_\_\_\_\_ yes        x   no

**Identification of Major Programs**

***CFDA Number***

***Name of Federal Program or Cluster***

14.228

Economic Development Administration

Dollar threshold used to distinguish  
between Type A and Type B programs:

  \$ 300,000  

Auditee qualified as low-risk auditee?

\_\_\_\_\_ yes        x   no

**SECTION II – FINANCIAL STATEMENT FINDINGS**

None

**SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

None